



GREEN  
CLIMATE  
FUND

# GCF Programming Manual

An introduction to the Green Climate Fund project cycle and project development tools for full-size projects



## GCF GUIDEBOOK SERIES

### Programming Manual

---

*This Guidebook is a living document and will be updated to reflect feedback, lessons learned, as well as policy and operational changes. For that reason, we encourage readers to use the online/electronic version of this document and to refrain from printing.*

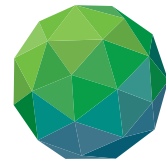
All rights reserved  
© Green Climate Fund

Published in July 2020

---

**Green Climate Fund**  
Songdo Business District  
175 Art Center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea

+82 (0)32-458-6039  
countries@gcfund.org  
[greenclimate.fund](https://greenclimate.fund)



GREEN  
CLIMATE  
FUND

# GCF Programming Manual

---

An introduction to the Green Climate Fund project cycle and project development tools for full-size projects

# FOREWORD

The mandate of GCF is to promote a paradigm shift towards low-emission and climate-resilient development pathways in developing countries. GCF helps countries design, finance and implement innovative climate initiatives that can be replicated, scaled up and sustained after project completion to achieve transformational change.

GCF is a partnership institution. It operates through a network of accredited entities, who work directly with developing countries represented through GCF national designated authorities or focal points, which are appointed by the government of the country, to propose projects and programmes to GCF for funding and implement them once approved.

These entities span a wide range of bodies, including multilateral and national development finance institutions, international and national commercial banks, United Nations agencies, conservation organizations, equity funds, government agencies and regional institutions. This enables GCF to create unprecedented coalitions for change.

A core GCF principle is to follow a country-driven approach, which means that developing countries must lead GCF programming and project implementation. This principle has been repeatedly reaffirmed by the GCF Board. It also requires that appropriate tools are made available to GCF partners to enable them to engage throughout the entire GCF project cycle.

GCF has three programming modalities: (i) the project approval process for full size projects and programmes; (ii) the simplified approval process for projects under a certain funding threshold and with minimal to no environmental risks; and (iii) Readiness and Preparatory Support Programme grants for strategy, policy and capacity development. This Programming Manual focuses on the project approval process modality and is complemented by two companion programming manuals on the simplified approval process and the Readiness and Preparatory Support Programme.

The objective of the Programming Manual is to outline the roles of key stakeholders throughout the entire cycle of the project approval process. It also provides guidance on how to prepare and submit a funding proposal that meets all GCF investment criteria. The Programming Manual aims to make project origination, development, appraisal, approval and implementation processes more transparent and predictable, as well as to simplify and accelerate access to GCF resources.

The primary target audience of this manual comprises GCF national designated authorities/focal points and accredited entities. It should prove particularly useful to national and sub-regional direct access entities. However, it should also enable other key GCF stakeholders, such as civil society organizations and private sector representatives, to engage at each project development stage with national designated authorities, accredited entities and the GCF Secretariat.

I would like to thank all our partners who contributed to the preparation of this Programming Manual and look forward to their continued assistance to make it a living document. The Programming Manual will be updated regularly to reflect user feedback, lessons learned and new Board decisions. It will be supplemented by sectoral guidance on the eight GCF results areas and by project development and assessment tools. The manual is not a legal instrument or a policy of GCF, nor does it intend to reflect or contain all GCF requirements that may apply during the GCF project and programme activity cycle.

Yours sincerely,

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Yannick Glemarec.

Yannick Glemarec  
GCF Executive Director



# CONTENTS

Foreword	ii
List of commonly used acronyms	xiii
Glossary of key terms	xvi
Executive summary	xxii

---

<b>Part I. Overview of the GCF project/programme approval process and activity programming Cycle</b>	<b>1</b>
--	----------

---

GCF Secretariat teams involved in the project/programme activity cycle	2
--	---

---

<b>Stage 1. Country, regional and accredited entity programmes</b>	<b>6</b>
--	----------

1.1 Country programmes	8
1.2 Accredited entity work programmes	9
1.3 Structured dialogues	10
1.4 GCF Readiness and Preparatory Support Programme	11
1.5 Sectoral guidance	12

---

<b>Stage 2. Targeted generation of project or programme funding proposals</b>	<b>13</b>
---	-----------

2.1 Targeted requests for proposal	14
2.2 Generation of project ideas through dedicated project preparation partnerships and platforms	15

---

<b>Stage 3. Concept note</b>	<b>16</b>
------------------------------	-----------

3.1 Feedback and recommendations on the concept note	18
3.2 Project preparation and development support	19

---

<b>Stage 4. Development of funding proposals</b>	<b>20</b>
--	-----------

4.1 Applicable GCF policy frameworks	20
4.2 Funding proposal development: First-level due diligence by the accredited entity	22
4.3 Funding proposal submission and completeness check	32
4.4 Additional submission requirements for funding proposals for countries with UN sanctioned regimes	34
4.5 Information disclosure	35

<b>Stage 5: Funding proposal review process: secretariat and independent technical advisory panel</b>	<b>36</b>
Funding proposal review process	39
5.1 Initial review	40
5.2 Technical assessment and detailed review of the funding proposal	42
5.3 Second-level due diligence by the office of risk management and compliance and clearance to proceed to the independent technical advisory panel	45
5.4 Assessment by the independent technical advisory panel	47
5.5 Publication of the funding proposal package on the GCF website and submission to the Board	49
<b>Stage 6: Board consideration and decision</b>	<b>50</b>
6.1 Questions and answers from the Board	50
6.2. Information day/informal Board meeting	51
6.3 Board meeting	51
<b>Stage 7: Legal arrangements for approved funding proposals</b>	<b>52</b>
7.1 Funded Activity Agreement	52
<b>Stages 8, 9 and 10: Portfolio implementation, monitoring and management</b>	<b>55</b>
<b>Stage 8: Monitoring for performance, results and compliance</b>	<b>59</b>
8.1 Monitoring tools for performance and compliance	60
8.2 Monitoring of individual funded activities (projects and programmes)	61
8.3 Assessing information from monitoring tools	64
<b>Stage 9: Adaptive management</b>	<b>64</b>
9.1 Adaptive management triggers	66
9.2 Adaptive management measures	67
9.3 Policy on Restructuring and Cancellation	69
9.4 Major Changes and Restructuring	72
<b>Stage 10: Evaluation, learning and project closure</b>	<b>73</b>
10.1 Evaluation	73
10.2 Learning	76
10.3 Knowledge generation	76
10.4 Project closure	78



<b>Part II. The how-to guide on the GCF funding proposal template</b>	<b>80</b>
Cover page of the funding proposal	83
Section A. Project/programme summary	84
Section B. Project/programme information	89
Section C. Financing information	106
Section D. Expected performance against investment criteria	112
Section E. Logical framework	126
Section F. Risk assessment and management	136
Section G. GCF policies and standards	140
Section H. Annexes	146
H.1. Mandatory annexes	147
H.2. Other annexes, as applicable	167
<b>Annexes</b>	<b>170</b>
Annex I: Independent Technical Advisory Panel lessons learned for project consideration	171
Annex II: Scope of work of the Climate Investment Committee	173
Annex III: Investment Criteria Scorecard and project success rating	175
Annex IV: Guidance on the application of the performance measurement frameworks indicators as part of the development of the logical framework	177
Annex V: Indicative Terms of reference – interim/final evaluation (consultant)	211
Annex VI: Minimum items to be addressed in Section B.3 (Project/Programme Description) of funding proposal	217

# LIST OF FIGURES

<b>Figure 1</b>	GCF project/programme activity cycle	xxiii
<b>Figure 2</b>	Application of the investment framework across the programming cycle	xxiv
<b>Figure 3</b>	Areas of action in which GCF seeks to invest	xxv
<b>Figure 4</b>	GCF programming frameworks	xxvi
<b>Figure 5</b>	GCF structure and programming units	xxvii
<b>Figure 6</b>	GCF project/programme activity cycle	2
<b>Figure 7</b>	GCF origination tools	7
<b>Figure 8</b>	Climate Investment Platform	16
<b>Figure 9</b>	Development and submission of concept notes	16
<b>Figure 10</b>	Development and submission of funding proposals	20
<b>Figure 11</b>	Areas of action in which GCF seeks to invest	21
<b>Figure 12</b>	Indicative timeline for the review of funding proposals	37
<b>Figure 13</b>	Key elements for consideration as part of the project/programme review by the origination and structuring team/Climate Investment Committee 2	41
<b>Figure 14</b>	Application of the Investment framework across the programming cycle	43
<b>Figure 15</b>	Key elements of the project/programme appraisal carried out by the Office of Risk Management and Compliance	45
<b>Figure 16</b>	Independent Technical Advisory Panel assessment	47
<b>Figure 17</b>	Timeframes from project approval to completion	52

<b>Figure 18</b>	Milestones during stages 8, 9 and 10 of the GCF project/programme activity cycle	56
<b>Figure 19</b>	The GCF adaptive management approach to the project/programme activity cycle	65
<b>Figure 20</b>	Possible scenarios for major and non-major changes by type of change	69
<b>Figure 21</b>	Example of a completed theory of change	99
<b>Figure 22</b>	Illustration of flow of funds and contractual arrangements as presented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in funding proposal FP103	104
<b>Figure 23</b>	Illustration of the governance and implementation structure of an entire project as presented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in funding proposal FP103	104
<b>Figure 24</b>	Indicative content of the feasibility/pre-feasibility study	149

## LIST OF TABLES

<b>Table 1</b>	GCF Secretariat teams responsible for project review processes	3
<b>Table 2</b>	List of sectoral guidance to be finalized by the end of 2020	13
<b>Table 3</b>	Accreditation size categories for individual accredited entities	23
<b>Table 4</b>	Environmental and social safeguards risk categories	24
<b>Table 5</b>	Policies relating to the terms and conditions of GCF financial instruments	29
<b>Table 6</b>	How to establish the appropriate level of concessionality	32

<b>Table 7</b>	Completeness checklist	33
<b>Table 8</b>	Environmental and social safeguards categories and requirements	35
<b>Table 9</b>	Assumptions underlying the indicative timeline used by the Secretariat	38
<b>Table 10</b>	Elements of the technical review conducted by Interdivisional Project Team	43
<b>Table 11</b>	Funded activity agreement process	53
<b>Table 12</b>	Roles of various stakeholders in portfolio implementation, monitoring and management under stages 8, 9 and 10 of the GCF project/ programme activity cycle	57
<b>Table 13</b>	Monitoring performance and compliance: tools and coverage	60
<b>Table 14</b>	Funding proposal template structure	82
<b>Table 15</b>	Scope of the “predict-and-act” approach versus the climate rationale	94
<b>Table 16</b>	Examples of types of synergies with climate funds	96
<b>Table 17</b>	Levels of the logic model	98
<b>Table 18</b>	Terms and conditions of outgoing grants	107
<b>Table 19</b>	Terms and conditions of outgoing concessional loans to the public sector	108
<b>Table 20</b>	GCF investment criteria indicators	113
<b>Table 21</b>	Guiding questions for assessing impact potential	117
<b>Table 22</b>	Guiding questions for assessing paradigm shift potential	118
<b>Table 23</b>	Guiding questions for assessing sustainable development criteria	119
<b>Table 24</b>	Guiding questions for assessing the needs of the recipient	121

<b>Table 25</b>	Guiding questions for assessing country ownership	123
<b>Table 26</b>	Guiding questions for assessing efficiency and effectiveness	126
<b>Table 27</b>	Risk guidance for the funding proposal assessment process	137
<b>Table 28</b>	Brief description of project-specific execution risks	138
<b>Table 29</b>	Compliance assessment	139
<b>Table 30</b>	Environmental and social risk categories of projects, including those involving direct investments through financial intermediation functions, or delivery mechanisms involving financial intermediation	143
<b>Table 31</b>	Environmental and social assessment and management instruments	143
<b>Table 32</b>	Applications of the economic and financial analyses to the GCF investment framework	150
<b>Table 33</b>	Example of a stakeholder analysis and engagement plan from a GCF-approved project (United Nations Environment Programme simplified approval process funding proposal FP005 for implementation in Benin (extracted version of the original table))	161
<b>Table 34</b>	Fees structure for accredited entities <sup>a</sup>	166

## LIST OF BOXES

<b>Box 1</b>	What is the Readiness and Preparatory Support Programme?	12
<b>Box 2</b>	Existing requests for proposal approved by the Board	14
<b>Box 3</b>	Project vs. programme	25
<b>Box 4</b>	Who can be an executing entity?	27

<b>Box 5</b>	Private vs Public sector project	28
<b>Box 6</b>	Term Sheet, Funded Activity Agreement and Schedules	42
<b>Box 7</b>	What happens if either the Secretariat or the independent Technical Advisory Panel does not endorse the funding proposal?	49
<b>Box 8</b>	Examples of changes in operating contexts that may trigger adaptive management	66
<b>Box 9</b>	Consultation with NDAs/Focal Points on major changes in approved projects/programmes	73
<b>Box 10</b>	How miscategorization of environmental and social risk could lead to an intervention by the grievance redress mechanism of the accredited entity or GCF	88
<b>Box 11</b>	Enhancing the climate science basis of a GCF funding proposal	92
<b>Box 12</b>	How to estimate greenhouse gas emission reductions for GCF projects/programmes	93
<b>Box 13</b>	Case study example illustrating a strong climate context in an adaptation project	95
<b>Box 14</b>	Logical framework rationale	127
<b>Box 15</b>	Impacts/outcomes measured by GCF indicators	131
<b>Box 16</b>	Minimizing the risk of complaints	142
<b>Box 17</b>	Tip for annexes	146
<b>Box 18</b>	Economic and financial analysis files to be submitted with a funding proposal	150
<b>Box 19</b>	The importance of robust stakeholder consultations	161
<b>Box 20</b>	Box A1. Eligibility Criteria for Section B.3 of funding proposal	217

# LIST OF COMMONLY USED ACRONYMS

ACRONYM	TERM
AE	accredited entity
AMA	accreditation master agreement
AML	anti-money-laundering
AP	Accreditation Panel
APR	annual performance report
CFT	countering the financing of terrorism
CIC	Climate Investment Committee
CIF	Climate Investment Funds
CN	concept note
CO <sub>2</sub> eq	carbon dioxide equivalent
COP	Conference of the Parties
CP	country programme
CRR	credit risk rating
DAC	Development Assistance Committee
DAE	direct access entity
DCP	Division of Country Programming
DMA	Division of Mitigation and Adaptation
EE	executing entity
EIRR	economic internal rate of return
ENPV	economic net present value
E&S	environmental and social
ESIA	environmental and social impact assessment
ESMF	environmental and social management framework
ESMP	environmental and social management plan
ESMS	environmental and social management system
ESS	environmental and social safeguards

ACRONYM	TERM
<b>EWP</b>	entity work programme
<b>FAA</b>	funded activity agreement
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FIRR</b>	financial internal rate of return
<b>FP</b>	funding proposal
<b>FPS</b>	fiduciary principles and standards
<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	greenhouse gas
<b>GWP</b>	global warming potential
<b>IAE</b>	international accredited entity
<b>ICS</b>	investment criteria scorecard
<b>IDP</b>	Information Disclosure Policy
<b>IE</b>	implementing entity
<b>IEU</b>	Independent Evaluation Unit
<b>IIU</b>	Independent Integrity Unit
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>IPMS</b>	Integrated Portfolio Management System
<b>IPP</b>	Indigenous peoples plan
<b>IPPF</b>	Indigenous peoples planning framework
<b>IPT</b>	interdivisional project team
<b>IPTR</b>	interdivisional project team review
<b>IRM</b>	Independent Redress Mechanism
<b>KYC</b>	know your customer
<b>MAF</b>	monitoring and accountability framework
<b>ML/FT</b>	money-laundering/financing of terrorism
<b>MRV</b>	measurement, reporting and verification
<b>MSMEs</b>	micro, small and medium-sized enterprises
<b>N/A</b>	not applicable
<b>NAMA</b>	nationally appropriate mitigation action
<b>NAP</b>	national adaptation plan



ACRONYM	TERM
NDA	national designated authority
NDC	nationally determined contribution
NOL	no-objection letter
OECD	Organization for Economic Co-operation and Development
OED	Office of the Executive Director
OGA	Office of Governance Affairs
OGC	Office of the General Counsel
O&M	operation and maintenance
OPM	Office of Portfolio Management
ORMC	Office of Risk Management and Compliance
OST	origination and structuring team
PAP	proposal approval process
PMF	performance measurement framework
PMF-A	adaptation performance measurement framework
PMF-M	mitigation performance measurement framework
PP	prohibited practice
PPF	Project Preparation Facility
PRC	Policy on Restructuring and Cancellation
PSF	Private Sector Facility
PSR	project success rating
RAP	resettlement action plan
RFP	request for proposal
RMF	results management framework
RPF	resettlement policy framework
SDR	social discount rate
TAP	Technical Advisory Panel
tCO <sub>2</sub> eq	tonne of carbon dioxide equivalent
TOR	terms of reference
UNFCCC	United Nations Framework Convention on Climate Change
WACC	weighted average cost of capital

# GLOSSARY OF KEY TERMS

**Accreditation:** pursuant to paragraph 45 of the Governing Instrument for the GCF, access to GCF resources is through entities accredited by the Board. Accreditation means a process by which entities are assessed and approved by the Board to access GCF funding. Accreditation defines the way in which an entity can access GCF resources (e.g. the accreditation scope), identifying the maximum limits of GCF financial support for which the entity can apply in a single funding proposal, the financing modality (e.g. for managing projects, awarding grants, on-lending, blending, undertaking equity investments and providing guarantees) and the environmental and social risk levels.

**Accreditation master agreement (AMA):** a framework legal agreement entered into between GCF and the accredited entity (AE) that marks the final stage of the accreditation of the AE. The AMA establishes the general terms and conditions that govern the relationship between GCF and the AE during the entire term of the accreditation of the AE.<sup>1</sup> The AMA also sets out the main roles and responsibilities of an AE throughout the GCF project cycle and reflects the GCF's policies and requirements that apply to implementation of funded activities. GCF has a template AMA, as adopted by the Board in decision B.12/31, as updated to reflect all new GCF policies, or revisions thereto, applicable to funded activities. AMAs with individual AEs are negotiated based on the template AMA and may accommodate fit-for-purpose and entity specific deviations, as approved by GCF. The template AMA can be found on the GCF website.<sup>2</sup>

**Accreditation Panel (AP):** the AP was established by the Board in accordance with decision B.07/02, paragraph (g), as an independent technical panel to advise the Board on matters related to the accreditation of implementing entities and intermediaries to GCF. The AP is comprised of six expert members nominated by the Accreditation Committee for endorsement by the Board. The AP is in charge of conducting the Stage II (Step 1) review of applications in the accreditation process in

accordance with its terms of reference contained in annex V to decision B.07/02 (annex V to document GCF/B.07/11), which consists of an assessment of how the entity meets the standards for accreditation and a recommendation on the accreditation scope for the consideration of the Board.

**Accreditation standards:** during the accreditation process, an applicant entity's systems, policies and procedures, track record and demonstrated capacity to undertake projects or programmes of different financing size categories, financing modalities and environmental and social risk categories are assessed against the GCF standards listed below (which may be updated periodically):

- Fiduciary standards:
  - Initial fiduciary principles and standards (see annex II to decision B.07/02);
  - Policy on the Protection of Whistleblowers and Witnesses (see annex I to decision B.BM-2018/21);
  - Anti-Money Laundering and Countering the Financing of Terrorism Policy (see annex XIV to decision B.18/10);
  - Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (see annex IX to decision B.23/15);<sup>3</sup> and
  - Policy on Prohibited Practices (see annex XIV to decision B.22/19);
- Environmental and social safeguards (ESS) standards:
  - Environmental and Social Policy (see annex X to decision B.19/10);
  - Interim environmental and social safeguards standards (see annex III to decision B.07/02); and

<sup>1</sup> In accordance with decision B.23/11, the term of accreditation of an AE starts from the date on which the AMA becomes effective and continues for a period of five years.

<sup>2</sup> See <<https://www.greenclimate.fund/document/accreditation-master-agreement>>.

<sup>3</sup> Decision B.23/15, paragraph (b), requests the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to integrate the Anti-Money Laundering and Countering the Financing of Terrorism Policy in the interim fiduciary standards and present to the Board a proposal for its consideration in 2019 as a matter of urgency. A proposal on such integration has yet to be presented to the Board for its consideration. After adoption by the Board of the revised initial fiduciary standards, the accreditation process may be amended to reflect them.

- Information Disclosure Policy requirements for environmental and social information disclosure (see paragraph 17 and section X of annex XXIX to decision B.12/35); and
- Gender Policy (see annex XIII to decision B.24/12).

**Accredited entity (AE):** AEs are institutions or organizations that are accredited by GCF through the accreditation process. Only AEs can submit a funding proposal to GCF. AEs develop and submit funding proposals for appraisal and approval by GCF and oversee and monitor the management and implementation of projects and programmes approved and financed by GCF. There are two types of accreditation modalities: direct access and international access. For further information, please refer to the definition of direct access entities and international accredited entities.

**Board:** the Board of GCF established pursuant to the provisions of the Governing Instrument for the GCF. The Board is the highest decision-making body of GCF.

**Climate change:** a change in the climate that is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and is in addition to natural climate variability observed over comparable time periods.

**Climate Investment Committee (CIC):** CIC is a committee of the Secretariat that oversees the GCF project pipeline. CIC oversees the development, management and financial planning of the pipeline of concept notes and funding proposals submitted by AEs and national designated authorities (NDAs), as applicable, in alignment with the GCF portfolio-level goals and Board decisions on financial planning, including matters related to readiness and preparatory support and the Project Preparation Facility.

**Co-financing:** the financial resources, whether public finance or private finance, required in addition to GCF proceeds to implement the funded activity for which a funding proposal has been submitted.

**Concept note:** a document submitted to the Secretariat by AEs or NDAs/focal points that provides basic information on an intended project or programme to seek feedback on whether the concept is aligned with the GCF investment criteria and policies.

**Country programme:** a document developed by the NDA/focal point that presents a country's climate change priorities to GCF, including a pipeline of projects that the country would like to develop with GCF for each replenishment period. It provides an action plan for projects and programmes to be developed, the accredited or prospective entity with which to partner, and the readiness and project preparation support that requires funding from GCF. The country programme represents step 1.1 of the proposal approval process.

**Direct access entity (DAE):** pursuant to paragraph 47 of the Governing Instrument for the GCF, DAEs are entities accredited under the direct access modality, including subnational, national or regional entities, that have obtained a nomination from NDAs/focal points. They may include ministries or government agencies, development banks, climate funds, commercial banks or other financial institutions, private foundations and non-governmental organizations.

**Entity work programme:** a document developed by AEs that provides an overview of the envisaged partnership of the AE with GCF, including strategies and plans to address climate change, the comparative advantages, areas of work and priority sectors of the AE, alignment with Country Programmes and country programming processes as well as GCF sectoral guidance on the eight GCF results areas, and its experience in implementing projects and programmes across the eight GCF results areas. It also summarizes the indicative projects and programmes of the AE and outlines an action plan for engagement with GCF for each replenishment period. The entity work programme represents step 1.2 of the proposal approval process.

**Environmental and Social Policy:** a GCF policy, adopted by the Board in decision B.19/10, which sets out the ESS requirements applicable in the preparation and implementation of all GCF funded projects. The policy articulates the commitments of GCF to sustainable development, elaborates how GCF integrates environmental and social issues into its processes and activities, and sets out the roles and responsibilities of AEs, executing entities and other parties involved in project implementation in respect of ESS.

**Environmental and social safeguards (ESS) standards:** a set of standards that specifies the desired outcomes and the specific requirements to achieve those outcomes through means that are appropriate to the nature and scale of the activity and commensurate with the level of environmental and social risks and/or impacts. Each AE is required to have a set of ESS standards that are equivalent to the GCF ESS standards within the scope of its accreditation and to apply those standards in GCF funded projects.

**Executing entity (EE):** an EE refers to any entity which channels or uses GCF proceeds for the purposes of a GCF funded activity, and/or which executes, carries out or implements a GCF funded activity or any part thereof. The reference to executing or implementing a GCF funded activity relates to the exercise of discretion and decision making with respect to such funded activity, or part thereof. An EE can be a developing country that is a Party to the United Nations Framework Convention on Climate Change and/or any entity that possesses a legal personality. An AE may also carry out the functions of an EE. The GCF requires the AEs to evaluate the capacity of and engage the relevant EE based on their ability to channel or use GCF proceeds and/or implement the GCF funded activity in accordance with GCF policies and requirements.

**Fiduciary principles and standards (FPS):** the GCF initial FPS are set out in annex II to decision B.07/02. Each AE is required to have a set of FPS that are equivalent to the GCF FPS and to apply the related principles and standards in the development and implementation of GCF financed projects.

**Fiduciary standards:** are an element of the AE's scope of accreditation that is determined based on the assessment by the GCF of the fiduciary, transparency, accountability, financial management, principles and policies, and track record of the AE, against the GCF fiduciary principles and standards. All AEs must satisfy the basic fiduciary requirements of GCF. Additionally, each AE is accredited to a specialized fiduciary standard based on the policies and procedures and track record of the AE. There are three specialized fiduciary standards that AEs may be accredited for, including a combination thereof:

- Specialized fiduciary standard for project management: where an AE manages, supervises and oversees the overall project or programme, either directly or indirectly through executing entities. The AE has identified EEs and beneficiaries at the time of the funding proposal.
- Specialized fiduciary criteria for grant award and/or funding allocation mechanisms: where AEs provide

grants to beneficiaries through an award system or competitive-based mechanism. The mechanisms (including criteria for selection of beneficiaries, modalities for providing financing, decision-making processes for allocating grants, etc.) are identified in the funding proposal, however, the identification of EEs to undertake the actual selection of beneficiaries, and identification of beneficiaries, would take place after the funding proposal is approved by GCF.

- Specialized fiduciary criteria for on-lending and/or blending (for loans, blending, equity and/or guarantees): where AEs provide loans, equity and/or guarantees onto beneficiaries using GCF resources, or blending resources (particularly of different instruments). This also includes AEs that provide resources to an EE, such as a fund manager, that further on-lends, undertakes equity investments and/or provides guarantees to beneficiaries.

**Financial instruments:** pursuant to paragraph 54 of the Governing Instrument for the GCF, GCF may provide financing in the form of grants, concessional lending and other modalities. The Board, by decision B.08/12, concluded that GCF would work through AEs, who may deploy the resources in approved projects and programmes by using a diverse range of financial instruments, focusing on but not limited to grants, concessional loans, equity and guarantees.

**First-level due diligence:** the duty and obligation of the AE to carry out all due diligence as necessary or desirable in accordance with its own policies and procedures and the requirements of the AMA when investing funds (its own funds or funds for which it has management or investment responsibility) in relation to a funding proposal submitted to GCF. GCF, in conducting appraisals and making investment decisions, relies on the due diligence and risk assessments performed by the AE and presented in the relevant funding proposal, without prejudice to the right of GCF to request additional information, clarification and documents from the AE.

**Funded activity:** a project and/or programme to be financed by GCF based on an approved funding proposal, and which the AE is responsible for implementing in accordance with the AMA and funded activity agreement. In this Programming Manual, the terms "funded activity", "project" and "programme" will be used interchangeably.

**Funded activity agreement (FAA):** a legally binding agreement entered into between GCF and an AE for an individual funded activity. Each approved project or programme must have an FAA. An FAA contains the specific terms and conditions for the financing and implementation of the funded activity, including an implementation plan, reporting requirements, disbursement plan and budget for the project. The FAA also incorporates by reference the provisions from the AMA. The FAA must be consistent in all material respects with the approved funding proposal and term sheet.

**Funding proposal:** the set of documents prepared by the AEs using GCF standard templates (i.e. funding proposal and its annexes) that is submitted to GCF to formally request funding for a project.

**GCF proceeds:** the funds disbursed by GCF via the Trustee to implement a funded activity, in accordance with the relevant FAA, which do not include any fees payable to the AEs.

**Gender Policy:** the GCF Updated Gender Policy, adopted by the Board in decision B.24/12, aims to ensure that GCF will contribute to gender equality through a gender-sensitive approach and will, in turn, achieve greater and more sustainable climate change results. Each AE is required to have a gender policy that is equivalent to the GCF Gender Policy and to apply its own gender policy in GCF funded activities.

**Governing Instrument for the GCF:** the constituting document of GCF approved by the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP) at its seventeenth session on 11 December 2011 and annexed to its decision 3/CP.17. It establishes the objectives and guiding principles of GCF, as well as its governance and institutional arrangements and operational guidelines.

**Indigenous Peoples Policy:** a GCF policy adopted by the Board in decision B.19/11, which aims to ensure that GCF activities are developed and implemented in a way that fosters full respect, promotion and safeguarding of Indigenous peoples so that they benefit from GCF activities and projects in a culturally appropriate manner; and do not suffer harm or adverse effects from the design and implementation of GCF financed activities. All GCF projects must comply with the applicable requirements of the Indigenous Peoples Policy.

**Information Disclosure Policy (IDP):** a GCF policy approved by the Board in decision B.12/35 which sets out the GCF policy regarding the information that it makes available to the public, either as a routine matter or upon request, and outlines requirements for the information that is made available to the public. The IDP applies to all information produced by or in possession of GCF. It sets out the requirements to be observed by AEs for the public disclosure of the relevant environmental and social reports in advance of the decision by the board of the AE or the GCF Board, whichever occurs first.

**Interdivisional project team (IPT):** a team comprised of members of divisions and offices from across the Secretariat assigned to a project to review different stages of the project/programme activity cycle.

**International access entities (IAEs):** IAEs are AEs that are accredited under the international access modality track and operate across multiple regions and countries. IAEs include bilateral development agencies, multilateral development banks, United Nations organizations, intergovernmental organizations and private sector financial institutions.

**Investment criteria:** six criteria adopted by the Board in decision B.07/06 that all GCF funding proposals have to meet in order to receive GCF funding. The criteria include coverage areas, activity-specific subcriteria and indicative assessment factors further detailed by the Board.

**Investment Criteria Scorecard (ICS):** a GCF tool developed and used by the Secretariat for rating funding proposals against GCF investment criteria at the Secretariat review stage.

**Information programme management system (IPMS):** an online tracking system that tracks the status of funding proposals and concept notes submitted to the Secretariat, including the submission date, review status/stages and other relevant project information.

**Logical framework or log frame:** one of the sections of the FP and a tool that brings together all the elements of the project or programme that are related to the effective planning, implementation, measurement, monitoring and evaluation of the programme or project. The logical framework is critical to defining and understanding the cause and effect (causal logic) or relationship between each level of the logical framework and key project and/or programme milestones. The logical framework can also be considered as a results map that allows for the clear articulation of the expected changes or results to be achieved from the project or programme.

**National designated authority (NDA) or focal point:** an authority designated by a developing country Party to the United Nations Framework Convention on Climate Change pursuant to paragraph 46 of the Governing Instrument for the GCF that serves as the interface between each country and GCF. The NDA/focal point plays a key role throughout the project cycle in ensuring country ownership and a country-driven approach, which are core principles of the GCF business model.<sup>4</sup> NDAs and focal points are listed on the GCF website<sup>5</sup>.

**No-objection letter (NOL):** a letter signed and issued by the GCF NDA or a focal point official representative pursuant to the GCF no-objection procedure, adopted in Decision B.08/10, Annex XII. The communication of a “no-objection” implies that the government of the country has no objection to the funding proposal. A no-objection is a condition for inclusion of the relevant country in the approval of all funding proposals submitted to GCF. The template form for the NOL is available on the GCF’s website.

**Policy on Restructuring and Cancellation (PRC):** a policy adopted by the Board in decision B.22/14, which sets out the procedures to be followed by the AE, among others, to request changes to approved funded activities and the mechanism for decision-making by GCF in respect of such proposed changes.

**Project Preparation Facility (PPF):** the PPF supports AEs in project and programme preparation and development of funding proposals to be submitted to GCF. It is especially targeted to support DAEs and micro- to small-size category projects.

**Request for proposal (RFP):** a specific call for proposals published periodically on the GCF website for certain subsectors/results areas as approved by the Board. RFPs have specific eligibility standards, project requirements and an allocated budget envelope.

**Results areas:** GCF funds projects that fall under eight of its results areas divided into two categories: mitigation and adaptation (four results areas for mitigation and four for adaptation), as approved by the Board in decision B.07/04.

**Rules of Procedure:** pursuant to paragraph 17 of the Governing Instrument for the GCF, at its meeting in March 2013, the Board adopted the Additional Rules of Procedure of the Board to supplement the procedural rules contained in the Governing Instrument. This publication presents the Rules of Procedure as set out in the Governing Instrument and the Additional Rules of Procedure in a consolidated manner.

**Second-level due diligence:** a comprehensive assessment undertaken by the Secretariat, as per decision B.07/03, in respect of funding proposals, which seeks to identify any relevant risks, such as financial, environmental and social, compliance and legal risks, and to ensure consistency with the relevant GCF policies and procedures. As a result of this assessment, GCF may request specific clarification, information and/or additional documents from the AE. For these purposes, the Secretariat relies and bases its assessment on the first-level due diligence conducted by the AE.

**Term sheet:** A document setting out, in summary form, the key terms and conditions relating to a proposed funded activity to be presented to the Board. All funding proposals submitted to GCF for consideration must be accompanied by a term sheet agreed by GCF and the AE. An indicative example of a term sheet is attached as annex 1 to the template AMA.

**Trustee:** a Board-appointed trustee who is responsible for holding GCF funds in a trust account, pursuant to the Governing Instrument for the GCF. In decision B.21/07, the Board appointed the International Bank for Reconstruction and Development as the Permanent Trustee of GCF.

<sup>4</sup> For further information, see the guidelines for enhanced country ownership and country drivenness (Annex XX to document GCF/B.17/21 titled “Decisions of the Board – seventeenth meeting of the Board, 5–6 July 2017”).

<sup>5</sup> <https://www.greenclimate.fund/about/partners>





---

# EXECUTIVE SUMMARY

The Green Climate Fund (GCF) was established in 2010 by the 197 country Parties to the United Nations Framework Convention on Climate Change (UNFCCC). GCF is an operating entity of the Financial Mechanism of the UNFCCC under its Article 11 and contributes to the achievement of the ultimate objective of the UNFCCC, which is to stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. The GCF is accountable to and functions under the guidance of the Conference of the Parties, which provides guidance on a yearly basis on policies, programme priorities and eligibility criteria that is then reflected in the GCF Programming frameworks accordingly.

The mandate of GCF is to promote a paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions (mitigation) and to adapt to the impacts of climate change (adaptation)<sup>6</sup>. Given the urgency and seriousness of climate change, the purpose of GCF is to make a significant and ambitious contribution to global efforts towards attaining the goals set by the international community to combat climate change.

## GCF business model

GCF is a partnership institution. It operates through a network of accredited entities (AEs) who work directly with developing countries represented through GCF national designated authorities (NDAs) or focal points, which are appointed by the government of the country to propose projects and programmes to GCF for funding and implement them once approved. These entities span a wide range of bodies, including multilateral and national banks, international financial institutions, multilateral and national development finance institutions, United Nations organizations, conservation organizations, equity funds, government agencies and regional institutions.<sup>7</sup>

GCF adds value to its partners by enabling them to raise the ambition of their climate action, both for climate mitigation and adaptation. By leveraging the risk management capacity of its partners and its own set of investment, risk and results management frameworks, GCF can accept higher risks to support early-stage project development as well as policy, institutional, technological and financial innovation to catalyse climate finance.

GCF is “capital agnostic”. It can provide a full range of financing instruments including loans, equity, guarantees and grants to de-risk investment and crowd in public and private investment to achieve transformative results. GCF strives to balance its funding equally between mitigation and adaptation and to maximize development co-benefits to increase the resilience of the most vulnerable people, communities and nations.

Its partnership nature enables GCF to build novel alliances among its unique range of public and private AEs to achieve its ambitious programmatic objectives. Through

---

<sup>6</sup> Paragraph 35 of the Governing Instrument for the GCF states that all developing country Parties to the UNFCCC are eligible to receive resources from GCF.

<sup>7</sup> As at April 2020, a total of 95 entities are accredited to GCF.



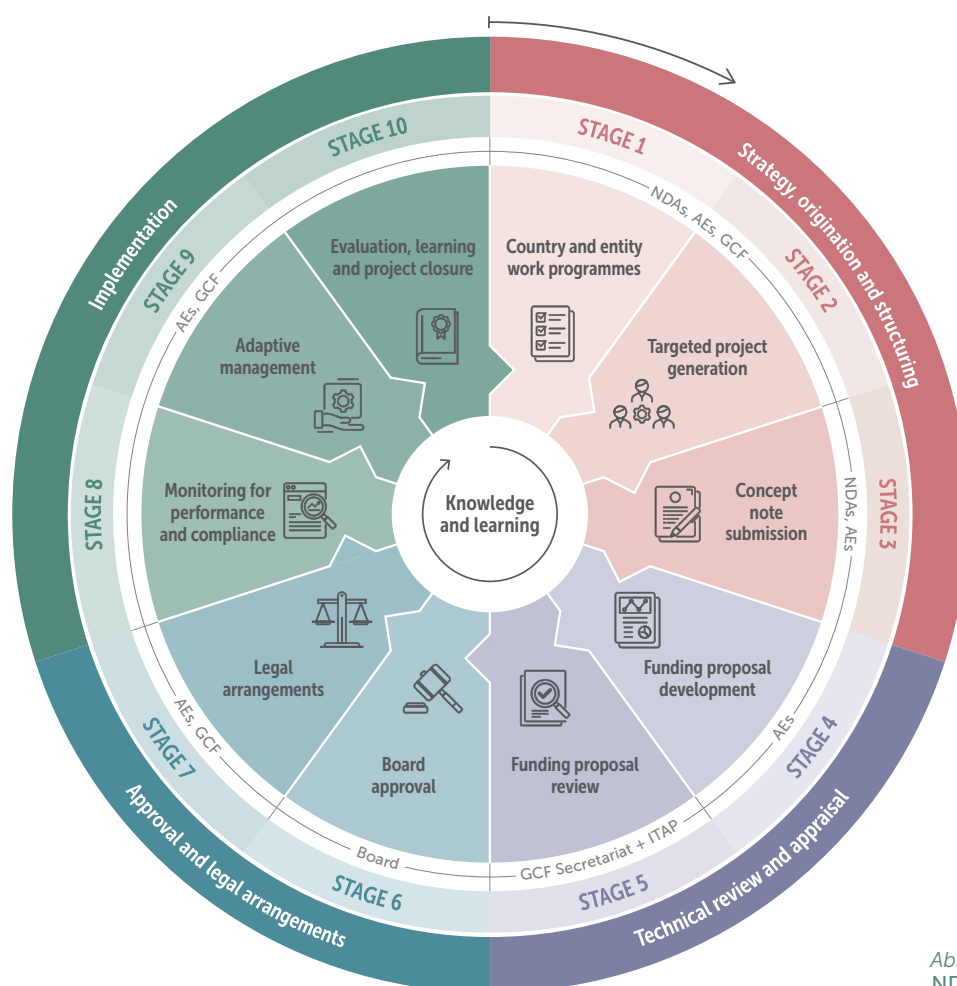
its accreditation framework, GCF can also contribute to the adoption by its partner organizations of cutting-edge policies on environmental safeguards, Indigenous peoples or gender. In turn, the ability of GCF to work with such diverse partnerships enables it to build and widely share knowledge and experiences to drive systemic change that achieves climate ambitions.

## GCF project activity cycle

The GCF project approval process is comprised of 10 stages, from project origination to closure.

The cycle starts with the preparation of country programmes and entity work programmes to originate transformative initiatives aligned with the mandate of GCF by NDAs/focal points and AEs; continues through to project development and submission by AEs; the technical review and assessment of the proposed project by the GCF Secretariat; its final review and approval by the GCF Board; before moving on to project implementation, evaluation and closure by AEs. The GCF project cycle stages are overseen by the Secretariat and GCF independent units. The knowledge management and learning component is central to the final stage of the project activity cycle. Lessons learned inform both the project origination process and the closing of the project activity cycle in the future for GCF and the AE. **Figure 1** illustrates the GCF project/programme activity cycle.

**FIGURE 1. GCF PROJECT/PROGRAMME ACTIVITY CYCLE**



Abbreviations: AE = accredited entity, NDA = national designated authority, TAP = Technical Advisory Panel.

## GCF programming frameworks

The GCF programming and pipeline development are guided by the following key set of policy frameworks:

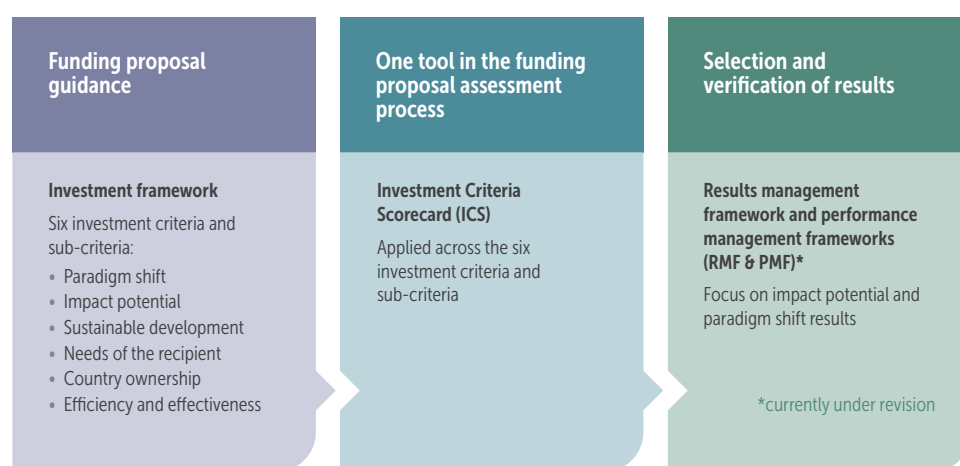
- Updated Strategic Plan for the GCF (for the period 2020–2023)<sup>8</sup>;
- Investment framework;
- Results management framework (RMF) and performance measurement frameworks (PMF)<sup>9</sup>;
- Sectoral guidance for the eight GCF results areas;
- Risk management framework; and
- Monitoring and accountability framework.

The **Strategic Plan (2020-2023) for the GCF** sets the direction of GCF for a specific programming period to achieve the greatest climate impact. In accordance with its mandate to foster a paradigm shift towards low-emission and climate-resilient development in developing countries, the capacity of GCF to take risk is supported by a robust set of investment, risk and results management frameworks.

The GCF **investment framework** is the key guiding framework informing GCF programming and investment decision-making. It is supported by the GCF initial investment framework<sup>10</sup> and sets out six investment criteria and related activity-specific subcriteria indicators and assessment factors.

GCF applies the investment framework criteria across the entire programming and funding proposal cycle. It is reflected in the development of sectoral guidance to inform origination and programming; enables a transparent assessment and screening of funding proposals against the six investment criteria; and is the foundation of GCF's results management frameworks to report project achievement against applicable investment criteria. **Figure 2** outlines how the investment framework is applied ex-ante and ex-post across the funding proposal cycle.

**FIGURE 2. APPLICATION OF THE INVESTMENT FRAMEWORK ACROSS THE PROGRAMMING CYCLE**



<sup>8</sup> Under Board's consideration and expected to be approved soon.

<sup>9</sup> The RMF and PMF are being consolidated into a single framework: the integrated results and resource management framework.

<sup>10</sup> Decision B.09/05.

The GCF Secretariat assesses the funding proposal's anticipated performance and potential against the investment criteria and activity-specific subcriteria using an **Investment Criteria Scorecard**, which is regularly updated in line with Board decisions.<sup>11</sup>

The current Result Management Framework (**RMF**)<sup>12</sup> and Performance Measurement Frameworks (**PMF**) define the areas of action in which GCF seeks to invest as well as its approach to tracking and monitoring results (see **Figure 3**). GCF invests across eight results areas covering four mitigation and four adaptation strategic impact areas. The PMF has been designed to measure the results of the many cross-cutting opportunities with the potential to have an impact on both mitigation and adaptation. Funding proposals will be expected to demonstrate how they will deliver on a limited set of representative indicators mirroring the investment framework that are relevant to their project activities and results areas, which will be tracked and monitored throughout the project implementation process.

**FIGURE 3. AREAS OF ACTION IN WHICH GCF SEEKS TO INVEST**



GCF **sectoral guidance** provides additional guidance on the types of initiatives that fully meet GCF investment criteria in key sectors across its eight results areas. Part I of the Programming Manual presents guidance on how compliance with GCF policies and frameworks is assessed in funding proposals across the review and implementation cycle.

The **risk management framework** sets the risk appetite of GCF and promotes transparency and accountability. It comprises a series of policies and guidelines, including the risk guidelines for funding proposals, the investment risk policy, the compliance risk policy, and a risk register and risk dashboard. The risk management framework supports the Secretariat in its decision-making at an organizational level, including the assessment of funding proposals.

The risk management framework and complementary GCF policies allocate responsibilities for managing compliance risks between AEs and GCF. In line with GCF legal instruments, AEs have primary responsibility for project origination, development,

<sup>11</sup> The *Investment Criteria Scorecard* is a companion project development and assessment tool to the *Programming Manual*. Version 2.0 of the scorecard will be made available to AEs following its finalization.

<sup>12</sup> The proposed integrated results and resource management framework would replace the existing RMF and PMF and is intended to capture in a single framework the results and performance measurements translated from the investment framework. The proposed framework will be presented at B.26 for consideration.

implementation and oversight, as well as accountability for implementing GCF policies and for ensuring implementation of these policies by its executing entities. The Secretariat discharges a second-level risk management function, providing second-level technical support and second-level due diligence (Board decisions B.07/03 and B.17/09). In line with the risk management framework, units providing second-level technical support and second-level due diligence are 'firewalled' within the Secretariat. The third level rests with GCF independent units and the Office of Internal Audit and focuses on the independent review, assurance and accountability of the actions and interactions between AEs and the Secretariat, as well as between second-level technical support and second-level due diligence units within the Secretariat.

The **monitoring and accountability framework** establishes mechanisms for monitoring the compliance at the institutional-level with GCF accreditation-related policies and standards, and monitoring, adapting as required and evaluating implementation of GCF funded projects. Lessons learned from project implementation and evaluation are captured through GCF knowledge management systems and inform future project origination efforts.

**Figure 4** provides an overview of the GCF programming frameworks.

**FIGURE 4. GCF PROGRAMMING FRAMEWORKS**



### GCF Secretariat services and structure

In accordance with the three levels of responsibilities defined in the risk management framework, the Secretariat is structured in line with project cycle stages to provide second-level technical support and due diligence services throughout the entire project cycle.

The second-level technical support services are provided by four GCF programming units<sup>13</sup>: the Division of Country Programming, which is primarily responsible for supporting the origination of priority projects and programmes from developing countries through country programmes and entity work programmes; the Division of Mitigation and Adaptation and the Private Sector Facility, which are responsible for the

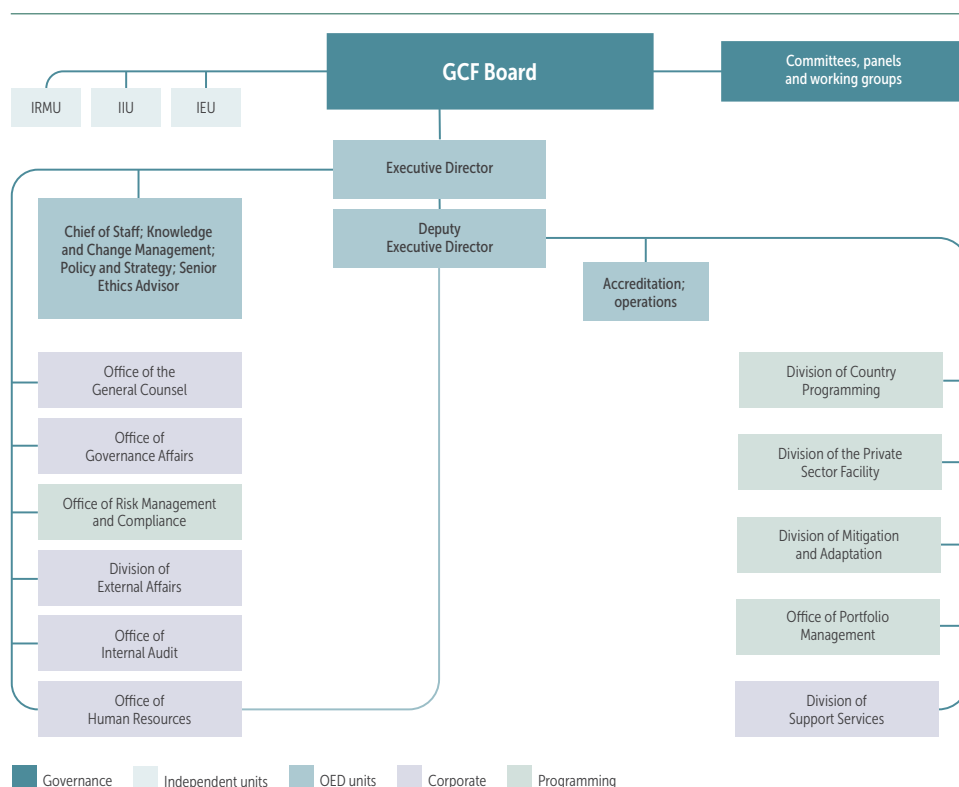
<sup>13</sup> The GCF Secretariat comprises five programming units. The first four units provide second-level technical support services for project origination, development and co-structuring, while the fifth unit is responsible for second-level due diligence.

technical review and support project structuring of public and private sector projects; and the Office of Portfolio Management, which oversees project implementation and is accountable for GCF results management.

The second-level due diligence services are provided by a fifth GCF programme unit, the Office of Risk Management and Compliance, as well as by the Climate Investment Committee and the independent Technical Advisory Panel. The Office of Risk Management and Compliance reports to the Executive Director and carries out a separate independent review of the funding proposals in addition to the technical reviews.

The five above-mentioned programme units of the Secretariat are supported by several corporate service teams. The work of the GCF Secretariat and the independent units are guided and overseen by the Board (see **Figure 5**). An interdivisional project team is established for each project submitted to GCF to coordinate inputs from all concerned Secretariat units throughout the entire project cycle. A web-based integrated project tracking tool enables project proponents and NDAs/focal points to track project progress across the 10 stages of the project/programme activity cycle.

**FIGURE 5. GCF STRUCTURE AND PROGRAMMING UNITS**



**Abbreviations:** IEU = Independent Evaluation Unit, IIU = Independent Integrity Unit, IRMU = Independent Redress Mechanism Unit, OED = Office of the Executive Director.

This Programming Manual is divided into two parts. Part I provides an overview of the 10 stages of the GCF project/programme activity cycle and Part II is designed as a how-to guide to prepare funding proposals that fully meet the GCF investment criteria.

The manual only provides information on the processes and preparation related to projects submitted under the regular funding proposal process. Information related to processes and procedures for projects submitted under the simplified approval process is provided in companion programming manuals.

---

# **PART I.** OVERVIEW OF THE GCF PROJECT/PROGRAMME APPROVAL PROCESS AND ACTIVITY PROGRAMMING CYCLE

---

Part I of the Programming Manual provides an overview of the GCF project/programme approval process, as adopted by the Board.<sup>14</sup> In decision B.07/03, the Board adopted a project/programme activity cycle and an initial proposal approval process up to post-approval as a central element of the GCF operational processes, policy framework and governance arrangements. The initial proposal approval process, including the project/programme activity cycle, was later updated and amended through decisions B.11/11 and B.17/09, which outline the steps in the funding proposal development and review process until the first disbursement.

The GCF project/programme pipeline is developed, reviewed and implemented in accordance with the 10 stages in the project/programme activity cycle.

The objective of Part I of the Programming Manual is to help national designated authorities (NDAs)/focal points, accredited entities (AEs) and other stakeholders to understand the GCF project/programme activity cycle and the process for funding proposal submission, approval and implementation. The following sections describe the key stages, with information tailored specifically to AEs, NDAs and other stakeholders interested in learning about the Secretariat's operational practices.

The GCF project/programme activity cycle, as approved by the Board, consists of the following key stages:

1. Country and accredited entity work programmes;
2. Targeted generation of projects/programmes;
3. Concept note submission;
4. Funding proposal development;
5. Funding proposal review: Secretariat and independent Technical Advisory Panel;
6. Board consideration; and
7. Legal arrangements and post-approval.

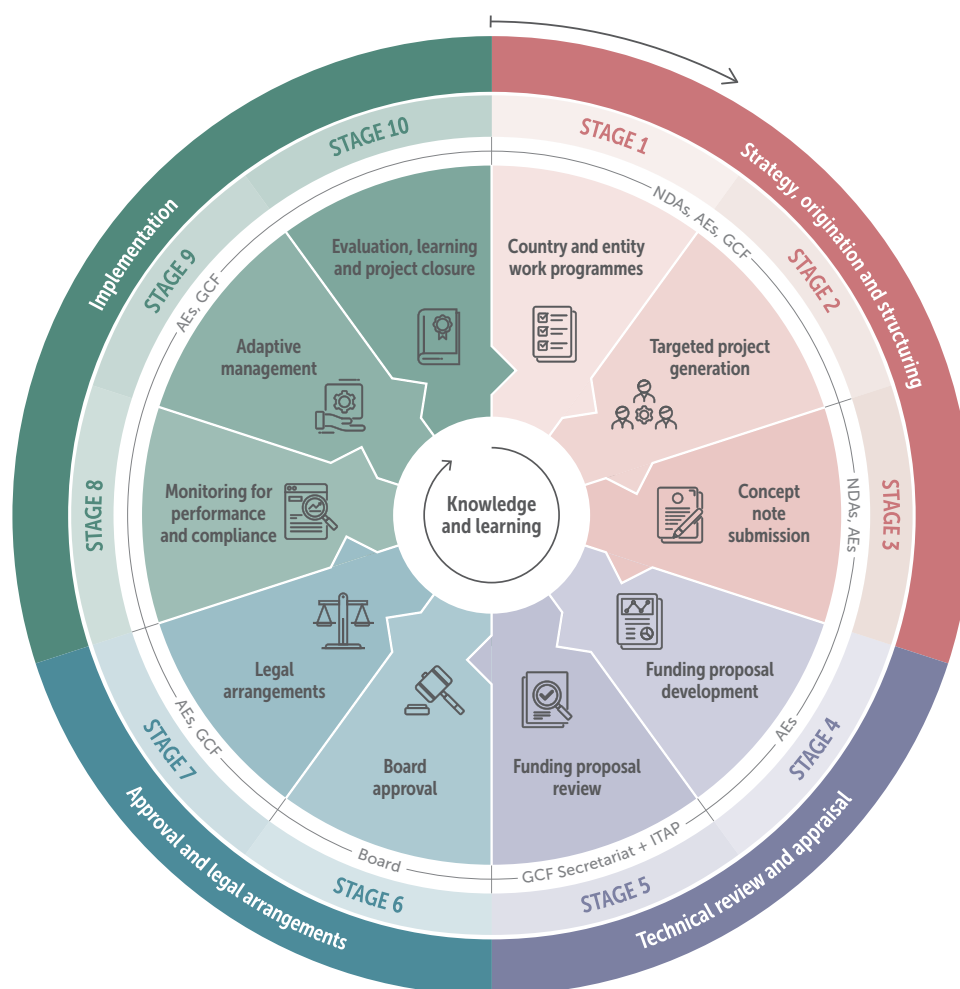
In addition, the following stages are related to the portfolio management and implementation of GCF approved projects:

8. Monitoring for performance and compliance;
9. Adaptive management; and
10. Evaluation, learning and project closure.

**Figure 6** illustrates the GCF project/programme activity cycle.

<sup>14</sup> Please refer to annex IV to document GCF/B.17/21 titled "Decisions of the Board – seventeenth meeting of the Board, 5–6 July 2017" for the original project/programme activity cycle adopted by the Board in decision B.17/09. Available at <[https://www.greenclimate.fund/documents/20182/751020/GCF\\_B.17\\_21\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_\\_\\_seventeenth\\_meeting\\_of\\_the\\_Board\\_\\_\\_\\_5\\_\\_\\_\\_6\\_July\\_2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf](https://www.greenclimate.fund/documents/20182/751020/GCF_B.17_21_-_Decisions_of_the_Board____seventeenth_meeting_of_the_Board____5____6_July_2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf)>.

FIGURE 6. GCF PROJECT/PROGRAMME ACTIVITY CYCLE



Abbreviations: AE = accredited entity, NDA = national designated authority, TAP = Technical Advisory Panel.

## GCF SECRETARIAT TEAMS INVOLVED IN THE PROJECT/PROGRAMME ACTIVITY CYCLE

The Secretariat is composed of various divisions, offices and units, each having a distinct role in the project/programme activity cycle. Their roles and responsibilities are related to project origination, pipeline development structuring, technical review and second-level due diligence (Board decisions B.07/03 and B.17/09). An interdivisional project team (IPT) is established for each project to coordinate inputs from all concerned divisions. Programming divisions successively lead the IPT as the project progresses through the different project stages (see **Table 1**).



**TABLE 1. GCF SECRETARIAT TEAMS RESPONSIBLE FOR PROJECT REVIEW PROCESSES**

	PROCESS	ACTIVITY	IPT LEAD	TEAM	OUTPUT
Knowledge management	STRATEGY, ORIGINATION AND STRUCTURING	Submission and review of country programmes/EWPs	Strategy/ countries and entities	Interdivisional project team (IPT) DMA, ORMC, PSF, DCP, OPM, OED	Country programmes and EWPs
		Climate Investment Committee 1	Will this country programme/EWP lead to a pipeline of high-impact projects for GCF?		
		Submission of CN/funding proposal	Development of CN/funding proposal by AEs		
		Initial review	Origination and structuring	IPT: origination and structuring* PSF Specialist, DMA Sector Specialist, DCP Country Specialist, Climate Impact Specialist	CNs or funding proposals
	TECHNICAL REVIEW AND APPRAISAL	Climate Investment Committee 2	Does this CN/funding proposal have the potential to fully meet GCF investment criteria?		
		Technical review	Second-level development and technical engagement	IPT: technical review DMA, ORMC, PSF, OGC, OPM, ESS, Gender, DCP, Finance, Procurement	Full funding proposal package, advanced draft of term sheet, Secretariat assessment
		Second-level due diligence	Second-level due diligence	Appraisal team ORMC Sector Specialists	Independent appraisal assessment
		Climate Investment Committee 3	Is this funding proposal ready for independent TAP review and Board approval?*		
	APPROVAL AND LEGAL ARRANGEMENTS	Independent TAP review and Board decision	Independent TAP recommendation and Board approval		
		Post-approval	FAA final negotiation/ signing	IPT: technical review OGC, ORMC, DMA, OPM, ESS, Gender, PSF, Finance, Procurement	FAA
	IMPLEMENTATION	Monitoring for performance and compliance	Implementation Project handover through project closure	IPT: implementation OPM, Finance, Procurement, DCP, ESS, Gender, PSF, ORMC, OGC, DMA	Annual performance reports, project inception and final reports
		Adaptive management			
		Evaluation, learning and project closure			

\*ORMC, OGC, Finance, ESS/Gender review requested as needed

\*\*After initial clearance by CIC3, the Task Team may come back to CIC3 to clear the Ts &amp; Cs.

**Abbreviations:** CN = concept note, DCP = Division of Country Programming, DMA = Division of Mitigation and Adaptation, ESS = environmental and social safeguards, EWP = entity work programme, FAA = funded activity agreement, IPT = interdivisional project team, OED = Office of the Executive Director, OGC = Office of the General Counsel, OPM = Office of Portfolio Management, ORMC = Office of Risk Management and Compliance, PSF = Private Sector Facility, TAP = Technical Advisory Panel.

## STRATEGY DEVELOPMENT

**Division of Country Programming (DCP):** The mission of DCP is to support developing countries, including their direct access entities (DAEs), to plan, identify, design and implement country-driven, transformational climate investments. DCP is responsible for leading the country and entity work programmes for regional DAEs and the project idea development phase in close collaboration with the sector and financial experts of the Division of Mitigation and Adaptation and the Private Sector Facility and OED for IAE EWPs. Regional experts from DCP are also responsible for providing inputs to all public and private sector projects during the review process.

**Interdivisional project team:** country programmes and entity work programmes (IPT-CP/EWP): IPT-CP/EWP is responsible for reviewing and providing feedback on

---

country programmes and EWPs, including the early project ideas contained therein, submitted to the Secretariat, and is comprised of a Lead from either DCP for countries and regional DAEs or OED for IAEs, a regional officer/associate acting as task support, and a relevant technical reviewer from the other divisions who provides technical inputs related to their subject expertise. This team is involved in stage 1 of the project/programme activity cycle.

**Office of the Executive Director (OED):** OED is responsible for managing strategic engagement with international access entities to develop entity work programmes in close coordination with DCP, the Division of Mitigation and Adaptation and the Private Sector Facility to ensure alignment with Country Programmes and country programming processes, as well as GCF sectoral guidance on the eight GCF results areas (stage 1 of the project/programme activity cycle).

**Office of Governance Affairs (OGA):** OGA manages the relation with the UNFCCC, Rio Conventions and other climate funds, plays a supporting role in the stage 1 of the project cycle by providing inputs about strategic COP guidance aspects and Board mandates and by supporting the review of CP and EWP, including in the pipelines, for further development into concept notes and funding proposals, or to return them to NDAs and AEs for further consideration. OGA also supports the implementation of the Information Disclosure Policy (IDP) and the guidelines relating to the participation of observers.

## ORIGINATION AND STRUCTURING

**Division of Mitigation and Adaptation (DMA):** DMA provides second-level technical services for the development and structuring of the concept note (CN) and funding proposal for all public sector projects and leads the interdivisional review process (stages 3, 4 and 5 of the project/programme activity cycle) for such projects. Sector experts from DMA are also responsible for providing technical inputs to private sector projects and contributing sector expertise.

DMA provides technical expertise across all eight GCF mitigation and adaptation results areas both for public and private sector CNs and funding proposals. It assists NDAs and AEs in the development and structuring of projects and plays a critical role in finalizing the funded activity agreements following project approval to enable projects to enter the implementation phase.

**Private Sector Facility (PSF):** PSF provides second level technical services for the development and structuring of the CN and funding proposal for all private sector projects and leads the interdivisional review process (stages 3, 4, and 5 of the project/programme activity cycle) for such projects. The role of PSF is also to engage with the local and international private sector entities to support climate change mitigation and adaptation projects in developing countries. It aims to fund highly transformative projects and mobilize private and institutional investment to de-risk and support climate change action.

In addition, PSF provides inputs to public sector projects on how best to catalyse private sector investment to scale up public sector-led pilot investment and on the design and use of financial instruments other than grants, including revolving funds.

**Interdivisional project team:** origination and structuring (IPT-OS): IPT-OS is responsible for reviewing and providing feedback on early project ideas, CNs and funding proposals submitted to the Secretariat, and is comprised of a Task Manager from either PSF or DMA, depending on the nature of the project, a project officer/associate acting as task

support, and a relevant technical reviewer from one of the other divisions who provides technical inputs related to their subject expertise. This team is involved in stage 3 and stage 5, step 5.1, of the project/programme activity cycle.

## TECHNICAL REVIEW

**Interdivisional project team: technical review (IPT-TR):** IPT-TR is comprised of the same core interdivisional project team members assigned at the origination and structuring stage, as well as members from across the Secretariat, who are responsible for conducting a technical review of completed funding proposals, including an assessment of their compliance with GCF standards and best practices in the areas of environmental and social safeguards (ESS), greenhouse gas (GHG) emission calculations, economic and financial analysis, risk and compliance assessment, budget, and project logical framework. This team is involved in stage 5, step 5.2, of the project/programme activity cycle.

## SECOND-LEVEL DUE DILIGENCE

**Office of Risk Management and Compliance (ORMC):** ORMC creates and manages a comprehensive risk and compliance and ESS framework, including in relation to ESS, gender and Indigenous peoples. It does so by using best practices to perform the GCF fiduciary responsibilities and to anticipate, identify, prioritize, manage, and monitor the portfolio of business risks impacting GCF. It is involved in stage 5, step 5.3, of the project/programme activity cycle.

**Climate Investment Committee (CIC):** CIC is a committee within the Secretariat that is chaired by the Executive Director and composed of the directors and heads of the various GCF divisions and operational units. CIC performs the following roles:

- Pipeline management and financial planning: maintaining an overview of the GCF pipeline of project ideas in the country programmes and entity work programmes, CNs and funding proposals, including the potential impact on the pipeline and its distribution;
- Financial planning, including tracking of portfolio-level goals and any decisions made on the financial planning authority given to the Secretariat, and providing relevant advice on recommended action;
- Review of country programmes and entity work programmes;
- Review of CNs and funding proposals;
- Funding proposal pre-screening to initiate the second-level due diligence review;
- Funding proposal clearance for submission to the independent Technical Advisory Panel and the Board; and,
- Advisory support and knowledge management: sharing lessons learned and best practices within the Secretariat and among other stakeholders.

## IMPLEMENTATION

**Office of Portfolio Management (OPM):** OPM leads the implementation phase of the project approval process, which starts after the first disbursement and ends with the final project closure (stages 8 to 10 of the project/programme activity cycle). It ensures the timely delivery of projects/programmes, manages adaptive management efforts to address implementation issues, as required, and supports the codification of lessons learned from portfolio implementation to feed into future portfolio origination initiatives. OPM is also involved in the interdivisional review stage, providing inputs to

---

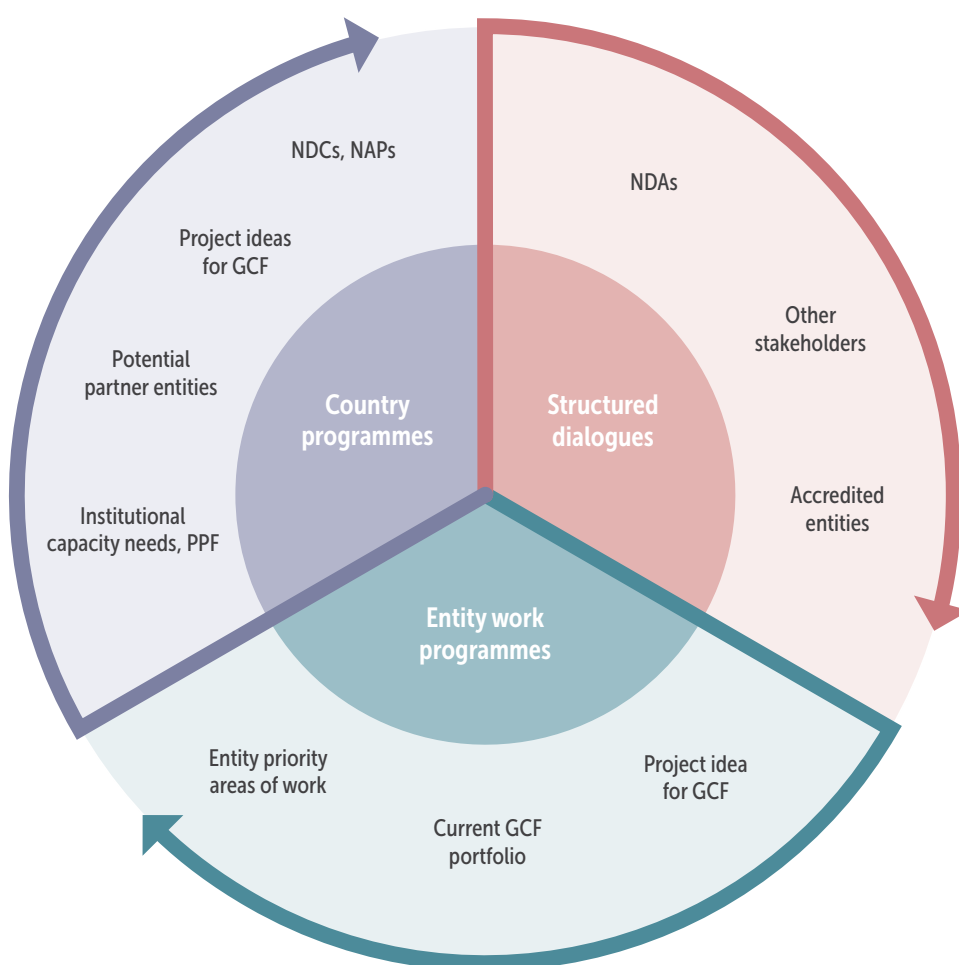
the logical framework, climate rationale, additionality, GHG estimates and theory of change sections of the funding proposal.

**Interdivisional project team: implementation (IPT-IM):** Following the first disbursement, the approved project is passed on to OPM for the remaining duration of the project lifecycle, and the core members of IPT-IM are comprised of the lead project staff from OPM, supported by interdivisional project teams as needed. During stages 8 to 10 of the project programme/activity cycle, IPT-IM focuses its tasks on monitoring for performance, adaptive management and learning to contribute to the GCF knowledge management system.

## STAGE 1. COUNTRY, REGIONAL AND ACCREDITED ENTITY PROGRAMMES

Country programmes and entity work programmes (EWPs) are the key GCF project origination tools. funding proposals for projects and programmes that are generated from country programmes and EWPs should advance national climate priorities as articulated in nationally determined contributions (NDCs), national adaptation plans and other climate change strategies and plans. During this stage, countries identify national priorities, analyse financial needs and gaps, and identify partners to design and implement funding proposals. Such origination involves the generation of project concepts and ideas in discussion with national designated authorities (NDAs)/focal points and entities that is in line with the Strategic Plan for the GCF and its results impact areas. As part of this process, the Secretariat works closely with accredited entities (AEs) and countries to identify highly impactful project ideas that have the potential to meet all six GCF investment criteria. **Figure 7** provides an outline of GCF origination tools.

FIGURE 7. GCF ORIGINATION TOOLS



*Abbreviations:* NAP = national adaptation plan, NDA = national designated authority, NDC = nationally determined contribution, PPF = Project Preparation Facility

Early GCF engagement through country programmes, entity work programmes, and structured programming dialogues, together with direct engagement at an early stage with direct access entities (DAEs), contribute to increasing the “quality at entry” of funding proposals and streamlining the funding proposal review process.

Country programmes (CPs) and EWPs lie at the centre of the iterative programming process undertaken by the Secretariat to facilitate interactions between countries and AEs.<sup>15</sup> Structured dialogues provide a platform to facilitate the alignment of countries’ programming priorities with the expertise and capabilities of the AEs, and with GCF’s strategic priorities, including sectoral guidance on the eight GCF results areas. In addition, the GCF Readiness and Preparatory Support Programme enables countries to develop their pipelines.

<sup>15</sup> See document GCF/B.15/Inf.09 titled “Building country-driven pipelines: update on country programmes and entity work programmes”. Available at <[https://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_Inf.09\\_-\\_Building\\_country-driven\\_pipelines\\_\\_update\\_on\\_country\\_programmes\\_and\\_entity\\_work\\_programmes.pdf/035ae297-b27b-49d3-af00-e25e35f39259](https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_Inf.09_-_Building_country-driven_pipelines__update_on_country_programmes_and_entity_work_programmes.pdf/035ae297-b27b-49d3-af00-e25e35f39259)>.

---

## 1.1 COUNTRY PROGRAMMES

Step 1.1 of stage 1 of the GCF project/programme activity cycle is the development and submission of country programmes by the NDAs or focal points. GCF encourages countries to pursue strategic programming efforts so that they can more effectively access GCF funding. The country programming process should be seen as a means of ensuring stronger country ownership and stakeholder buy-in, as well as a tool for project prioritization so that countries can seek to optimize their engagement with GCF; country programming processes and the resultant country programme document serve as a tool to achieve this more systematically. Country programmes are aimed at setting a country's investment plans for the four-year programming period associated with each GCF replenishment cycle. The country programmes received by the Secretariat are reviewed and endorsed by the Climate Investment Committee (CIC) and submitted to the Board for information.

A country programme is primarily prepared by the country's government and is coordinated by the NDA or focal point in consultation with other stakeholders. It sets the investment priorities and defines the proposed AEs/partners for the design and implementation of such investments. It should also include project ideas to be submitted by the country's nominated/accredited DAEs.

The objectives of a country programme are to:

- Support a country-driven pipeline development process, which seeks to identify transformative project ideas to be funded by GCF;
- Identify institutional needs to build and strengthen capacity; and
- Facilitate dialogue between all stakeholders in a way that reflects the highest level of country ownership.

The country programme should summarize:

1. A country's climate action agenda including, but not limited to, its national adaptation plans, nationally appropriate mitigation actions, long term strategies to meeting climate goals (LTs), appropriate elements of its NDCs, and/or other relevant climate change strategies and plans;
2. The climate finance landscape of the country and financial strategy to implement national climate priorities over at least a ten-year period (i.e. domestic public and private sources; international public and private sources, including through complementarity and coherence with other multilateral climate funds;
3. National programming priorities and a pipeline of up to five priority projects/programmes over a four-year period that are aligned with the GCF strategic priorities, investment criteria and operational modalities;
4. Information on preferred partner entities that will implement proposed projects/programmes, in particular those to be implemented by the DAEs;
5. Need for project preparation support or capacity building; and
6. Multi-stakeholder engagement process.

As part of the country programming exercise, NDAs should seek to engage with various stakeholders, including relevant ministries, civil society and the private sector, when developing their respective country programmes.

A list of current country programmes can be found in the country portal on the GCF website.<sup>16</sup>

For more information on country programmes, please see the initial general guidelines for the preparation of country programmes, approved by the Board in decision B.08/11.<sup>17</sup>

The Secretariat continuously engages with NDAs in the development of their respective country programmes. In the preparation and development of a country programme, NDAs may request support from the Readiness and Preparatory Support Programme (see section 1.4).

## 1.2 ACCREDITED ENTITY WORK PROGRAMMES

In line with the GCF business model, access to GCF resources is through entities accredited by the GCF Board to deliver approved funded activities. Specifically, the AE is responsible for the overall management, implementation and oversight of climate change projects and programmes in line with the GCF fiduciary principles and standards, environmental and social safeguards standards and Gender Policy (all of which are standards for GCF accreditation), and other relevant GCF policies and requirements, in accordance with the relevant legal agreements (accreditation master agreements and funded activity agreements).

Step 1.2 of stage 1 is the development and submission of an EWP by the regional DAEs and international accredited entities (IAEs). EWPs are intended to foster a proactive, strategic and country-owned approach to pipeline development and programming with GCF. They play an important role as a strategic tool in providing insights on project ideas and programmes being developed by regional DAEs and IAEs which will eventually contribute towards high-quality, climate-focused funding proposals at entry. Regional DAEs and IAEs should develop multi-year EWPs in consultation with NDAs/focal points and submit them to the Secretariat. National DAEs are not required to develop EWPs as countries are required to integrate the work programmes of their national DAEs within their country programmes. The EWPs received by the Secretariat are reviewed and endorsed by CIC and submitted to the Board for information.

An EWP should provide the following:

- An overview of the envisaged partnership between the AE and GCF and the overall climate finance landscape, strategies and plans to address climate change, comparative advantages of the AE, areas of work and priority sectors of the AE, and alignment with Country Programmes and country programming processes as well as GCF sectoral guidance on the eight GCF results areas;
- Information on the AE's experience in implementing projects and programmes across the eight GCF results areas; and
- Indicative projects/programmes and an outline of an action plan for engagement with GCF for each GCF replenishment period covering four years.

<sup>16</sup> See <<https://www.greenclimate.fund/countries>>.

<sup>17</sup> Available at <[https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Eighth\\_Meeting\\_of\\_the\\_Board\\_\\_14-17\\_October\\_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board__14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d)>.

---

The Secretariat works continuously with its AEs to develop their EWP and to strengthen the proactive and strategic approach of GCF to programming and delivery of country-owned, high-impact funding proposals that advance national priorities.

A list of all GCF AEs and their EWP can be found under each entity's directory page on the GCF website.<sup>18</sup>

## Country and entity work programme review

Country programmes and EWP submitted to the Secretariat are reviewed and endorsed by CIC. Those EWP and country programmes endorsed by CIC form the basis of the projects to be further developed into concept notes (CNs) and funding proposals. The focus of CIC is on the potential for the country programme/EWP to lead to a pipeline of high-quality GCF investments.

Relevant information assessed by CIC when reviewing country programmes/EWP includes:

- Impact potential;
- Paradigm shift potential;
- Country ownership; and
- Opportunities to promote complementarity and coherence.

After CIC endorses the country programme/EWP, the Secretariat informs the NDA/AE of the endorsement and invites them to submit to GCF the approved country programme/EWP, once appropriate government/AE approval processes have been concluded.

After submission of the final country programme/EWP, those programmes are shared with the Board and published on the GCF website under the country portal and entity portal pages.

## 1.3 STRUCTURED DIALOGUES

Step 1.3 of stage 1 of the GCF project/programme activity cycle is the GCF structured dialogues organized by the Secretariat. The Secretariat hosts the structured dialogues with NDAs, AEs and other stakeholders, including the private sector, providing a platform to engage in an interactive format, discuss project ideas and help to determine which country priorities identified in their country programmes that build on national strategies (e.g. NDCs, NAPs, low-term greenhouse gas emission development strategies, national adaptation programmes of action, nationally appropriate mitigation actions) are the best match for GCF support. The GCF structured dialogues also aim to help NDAs to identify potential partners to design projects/programmes that meet the GCF investment criteria and advance their national priorities, as well as to encourage South–South learning and cooperation.

Structured dialogues may vary in their format and structure and are organized periodically based on the needs identified by the Secretariat in consultation with NDAs and AEs. For example, regional structured dialogues were held in the Asia-Pacific, Latin America, Africa, and Caribbean regions in 2017 and 2018, a Global NDA Conference was held in Songdo, Republic of Korea, in 2018, and a Global Programming Conference

---

<sup>18</sup> See <<https://www.greenclimate.fund/about/partners/ae>>



was also held in Songdo, Republic of Korea, in 2019. Sector-focused regional dialogues are also being planned for the future.

These structured dialogues aim to develop project ideas that represent both national and regional priorities and to facilitate engagement with GCF to identify concrete steps to move climate priorities forward. Important outcomes of the structured dialogues include further updates to country programmes and EWPs that identify trends and emerging priorities at the national and regional level, and the advancement of concrete CNs and funding proposals. They also enable the Secretariat to estimate the demand for GCF resources in terms of emerging funding proposals, potential project preparation requests and overall readiness needs.

Structured dialogues therefore provide stakeholders with an opportunity to:

- Increase their understanding of GCF funding modalities and procedures for accessing GCF resources, as well as the latest developments thereto;
- Share their experiences in engaging with GCF across key areas, including the implementation of readiness and preparatory support activities;
- Identify key priorities (both short and long term) for project/programme pipeline development at the national and regional level;
- Advance draft country programmes and EWPs as well as readiness plans for all countries and AEs; and
- Advance CNs and funding proposals for priority projects/programmes to take forward for development and submission.

Steps 1.1 to 1.3 of stage 1 of the GCF project/programme activity cycle (country programmes, EWPs and structured dialogues) give effect to the principle of country ownership by putting countries at the centre of the process to identify the projects/programmes that best match national needs, deliver high impact at the country level and realize paradigm shift potential.

## 1.4 GCF READINESS AND PREPARATORY SUPPORT PROGRAMME

Through the GCF Readiness and Preparatory Support Programme (see **Box 1**), the GCF supports NDAs/focal points and DAEs to build transformative pipelines, as well as the capacity of relevant stakeholders throughout the project cycle. This includes grants or technical assistance for the development of priority project/programme ideas into concrete CNs, proposals and other relevant documentation, including pre-feasibility studies and stakeholder consultations, where necessary.

## BOX 1. WHAT IS THE READINESS AND PREPARATORY SUPPORT PROGRAMME?

GCF is one of the few international funds to provide national designated authorities (NDAs) with direct access to funding for institutional activities and the development of country programmes. The Readiness and Preparatory Support Programme (Readiness Programme) is a funding programme designed to enhance country ownership of projects and the ability of countries to access GCF financing. The Readiness Programme provides resources for capacity development, the development of strategic frameworks, adaptation planning, pipeline development and knowledge sharing.<sup>a</sup> Resources may be provided in the form of grants or technical assistance.

GCF readiness support goes beyond helping countries and organizations to take their first steps in working with GCF; it continues to provide capacity-building support throughout the lifecycle of their engagement with GCF. In addition, GCF can provide capacity-building support for national or regional direct access entities that have been nominated by their NDAs and are seeking accreditation.

A key area of support is the development of relevant strategies and plans, including updating and strengthening nationally determined contributions, developing and updating associated investment plans and GCF country programmes, developing sector-specific or subnational strategies and plans, as well as developing pipelines of transformational projects/programmes for submission to GCF.

All developing countries can access the Readiness Programme, and GCF aims for a floor of 50 per cent of readiness support to be allocated to particularly vulnerable countries, including least developed countries, small island developing States and African States.

For more information on the Readiness Programme, a step-by-step overview of the process, and guidance on completing the readiness template,<sup>b</sup> please refer to the Readiness and Preparatory Support Guidebook.<sup>c</sup>

<sup>a</sup> The objectives and outcomes of the GCF Readiness and Preparatory Support Programme are outlined in decision B.22/10.

<sup>b</sup> Available at <<https://www.greenclimate.fund/document/readiness-and-preparatory-support-proposal-template>>

<sup>c</sup> Available at <[https://www.greenclimate.fund/documents/20182/574766/Guidelines\\_-\\_Readiness\\_and\\_Preparatory\\_Support\\_Guidebook.pdf/9eea580f-a109-4d90-b281-c54695114772](https://www.greenclimate.fund/documents/20182/574766/Guidelines_-_Readiness_and_Preparatory_Support_Guidebook.pdf/9eea580f-a109-4d90-b281-c54695114772)>.

During this stage, the Secretariat engages in regular dialogues with NDAs/focal points, AEs and other stakeholders to strategically identify projects/programmes that would be aligned with the Strategic Plan for the GCF and related strategies, such as the private sector strategy, as well as sectoral guidance developed by GCF.

The GCF Readiness and Preparatory Support Programme can also be used to develop strategic multi-country initiatives that require in-depth preparatory work.

## 1.5 SECTORAL GUIDANCE

The Secretariat is also developing various guidance documents related to the eight GCF results areas are currently under development. Those documents will outline potential areas for high-impact interventions across each of the eight GCF results areas, and are intended to guide countries and accredited entities in developing their country programmes and entity work programmes respectively, and all relevant stakeholders in designing projects and programmes with high potential for paradigm shift and

advancing sectoral transformation, based on best available climate information and additionality of GCF finance.

The Secretariat is currently working on such sectoral guidance for a range of sectors, which will further elaborate on focus areas that can best respond to developing country needs. It is intended to be finalized by the end of 2020 and will include information on the types of projects in various subsectors that would have the greatest impact and potential for paradigm shift (see **Table 2**).

**TABLE 2. LIST OF SECTORAL GUIDANCE TO BE FINALIZED BY THE END OF 2020**

SECTORAL GUIDANCE FOR MITIGATION RESULTS AREAS	SECTORAL GUIDANCE FOR ADAPTATION RESULTS AREAS
1. Energy generation and access	2. Early warning and climate information services
3. Urban development	4. Health
5. Energy efficiency	6. Agriculture and food security
7. Low-emission transport	8. Water
9. Forestry, land use and ecosystems	10. Climate-resilient infrastructure

## STAGE 2. TARGETED GENERATION OF PROJECT OR PROGRAMME FUNDING PROPOSALS

As described in stage 1, ideas for projects and programmes can originate from country programmes and entity work programmes (EWPs) led by national designated authorities (NDAs)/focal points and accredited entities (AEs). In accordance with the guidelines for enhanced country ownership and country drivenness adopted by the Board, they may also come from other sources.<sup>19</sup> While stage 1 of the project/programme activity cycle is the main GCF origination channel, stage 2 supports complementary origination channels for project ideas to be developed by NDAs and AEs.

Stage 2 fosters additional funding proposals that meet the criteria of the GCF investment framework through the following activities:

1. Issuance of targeted requests for proposal (RFPs); and
2. Generation of bankable project ideas through dedicated platforms and innovative partnerships between the Secretariat and other non-accredited organizations.

As project ideas materialize, they are then incorporated into the country programmes and EWPs and submitted to GCF by the AEs through the regular proposal approval process.

<sup>19</sup> Decision B.17/21, annex XX, paragraph 12.

## 2.1 TARGETED REQUESTS FOR PROPOSAL

RFPs are one of the mechanisms to generate funding proposals to be submitted to GCF under step 2.1 of the GCF project/programme activity cycle. The Board may approve RFPs to guide development of the GCF portfolio in specific areas.

For each RFP issued by the Secretariat, a terms of reference is developed and presented to the Board for approval. The Board approves the terms of reference for each RFP, which usually sets aside a dedicated funding envelope for such projects and describes the eligibility and project selection criteria and the project approval processes.

Once approved by the Board, the Secretariat issues the RFP by publishing it on the GCF website and/or through other communication channels. The Secretariat then invites organizations to submit a funding proposal under a specific RFP.<sup>20</sup> **Box 2** provides examples of existing RFPs approved by the Board.

### BOX 2. EXISTING REQUESTS FOR PROPOSAL APPROVED BY THE BOARD

- Micro, small and medium-sized enterprise (MSME) pilot programme. The MSME pilot programme was established by the Board in 2016 as part of the Private Sector Facility. The programme aimed to support MSMEs in addressing mitigation and adaptation challenges. The deadline for receipt of concept notes for the first request for proposal (RFP) was 30 August 2016. See the MSME pilot programme RFP for full details.<sup>a</sup>
- Mobilizing funds at scale pilot programme. The Board allocated up to USD 500 million to identify innovative, high-impact projects and programmes that mobilize private sector investments in climate change activity. The deadline for proposals was 30 August 2017. See the mobilizing funds at scale pilot programme RFP for full details.<sup>b</sup>
- Enhancing direct access. The Board approved an initial allocation of USD 200 million for 10 pilot programmes, including at least 4 pilot programmes in least developed countries, small island developing States and African States, to enhance access to GCF funds by DAEs and to devolve decision making at the local/regional/national level. EDA relies on specific implementation/stakeholders' consultation arrangements. Countries were invited to work with both accredited direct access entities and potential entities to develop proposals and submit their concept notes by the end of July 2016 to be considered in the first batch, and by the end of January 2017 to be considered in the second batch. EDA remains an active RFP. See the enhancing direct access RFP for full details.<sup>c</sup>
- REDD-plus results-based payments pilot programme. At its eighteenth meeting, the Board decided to allocate up to USD 500 million to the RFP for the REDD-plus results-based payments pilot programme. The pilot programme will run from the launch of the RFP in October 2017 until the last meeting of the Board in 2022. See the REDD-plus results-based payments pilot programme RFP for full details.<sup>d</sup>

<sup>a</sup> Available at <<https://www.greenclimate.fund/msme>>

<sup>b</sup> Available at <<https://www.greenclimate.fund/500m>>

<sup>c</sup> Available at <<https://www.greenclimate.fund/eda>>

<sup>d</sup> Available at <<https://www.greenclimate.fund/redd>>

<sup>20</sup> It should be noted that for some RFPs, funding proposals can be submitted via the simplified approval process modality if they meet the necessary criteria.

In some cases, non-accredited entities may be allowed to submit funding proposals to GCF under an RFP. Currently, an entity may submit a funding proposal under an RFP prior to becoming accredited. In such case, their accreditation application reviews would be prioritized when applying for accreditation. The Board, however, must have taken a decision to accredit the relevant entity and they must have signed an AMA by the time their funding proposals are submitted to the Board for consideration.

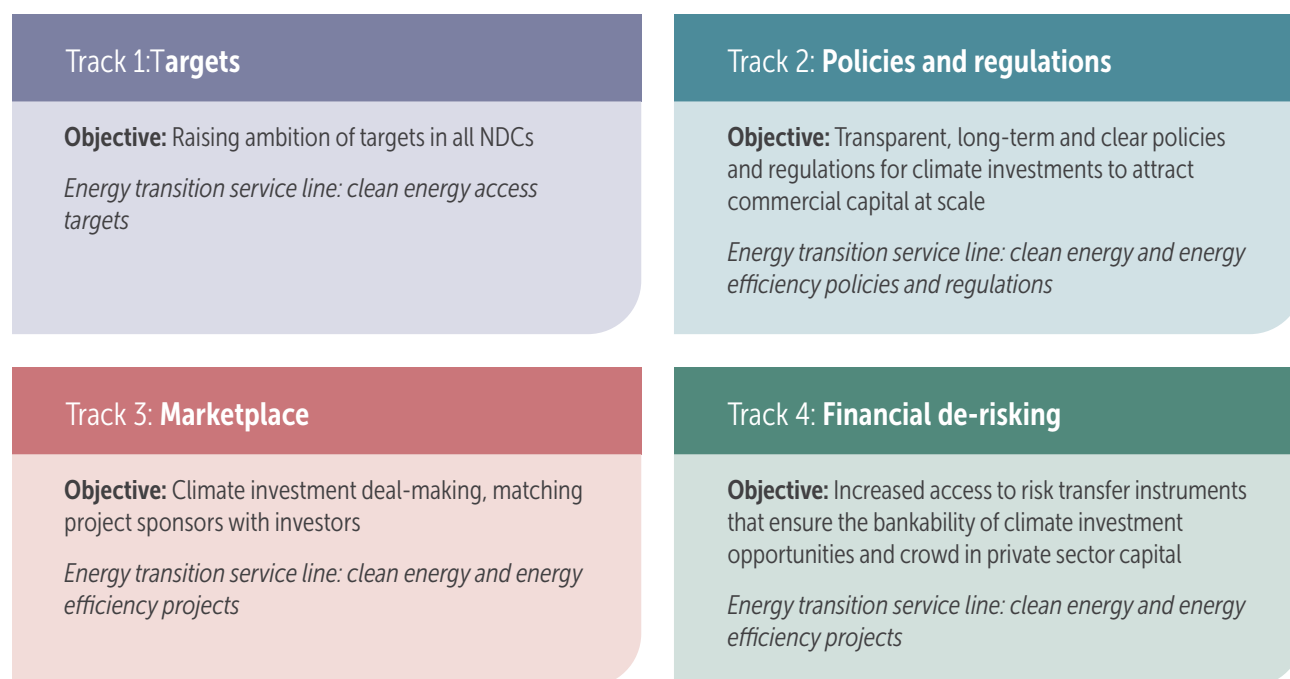
## 2.2 GENERATION OF PROJECT IDEAS THROUGH DEDICATED PROJECT PREPARATION PARTNERSHIPS AND PLATFORMS

Sound climate-resilient, low-emission investments in developing countries are often regarded as “non-bankable” because of the perceived higher risks associated with their specific cash flow profile – higher upfront costs against lower operation and maintenance costs. Nevertheless, these climate investments could be attractive to investors and financiers if perceived risks are minimized or adequately managed. For investors to consider such projects as “bankable”, they need longer-term visibility and certainty. This in turn requires a supportive policy environment to de-risk investments and demonstrate the scaling up potential of climate investments.

Several initiatives are ongoing or planned to originate and develop bankable projects to scale up climate action. Some of these initiatives provide project preparation funds to project developers to formulate a compelling business case for would-be investors, while others use collaborative digital platforms to establish supportive policy environments, create investor marketplaces and better match project ideas with potential implementers/funders.

GCF cooperates as a partner with several project preparation partnerships and platforms and leverages the use of digital technologies to generate and identify bankable project ideas. An example of such platforms is the Climate Investment Platform launched during the United Nations Climate Summit in September 2019. Organized around four “tracks”, it aims to declutter and streamline support provided by partner institutions to countries and project developers to develop, structure and finance climate initiatives (see **Figure 8**). Track 1 of the Climate Investment Platform focuses on accelerating the energy transition. GCF supports tracks 3 and 4.

**FIGURE 8. CLIMATE INVESTMENT PLATFORM**



*Note:* Further information on the Climate Investment Platform is available at <https://www.climateinvestmentplatform.com/>.

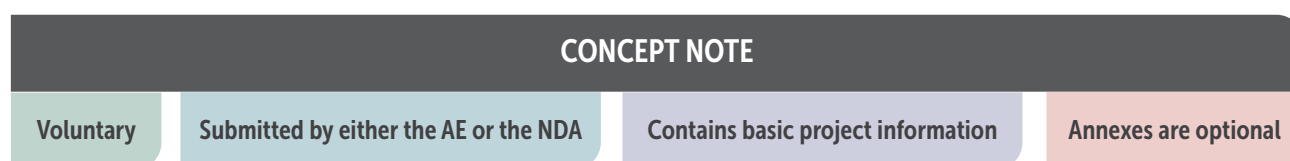
*Abbreviation:* NDC = nationally determined contribution.

## STAGE 3. CONCEPT NOTE

Stage 3 of the project/programme activity cycle involves the development and submission of concept notes (CNs). The submission of a CN is a voluntary step and can be done either by accredited entities (AEs) or by national designated authorities (NDAs)/ focal points. Although the submission of CNs is voluntary, it is strongly encouraged, as CNs can lead to higher “quality at entry” of funding proposals, a reduced review time and lower transaction costs for all stakeholders.

For a Project Preparation Facility (PPF) request and for submission of a proposal under the simplified approval process (SAP), the submission of CNs is mandatory. See SAP programming manual.

**FIGURE 9. DEVELOPMENT AND SUBMISSION OF CONCEPT NOTES**



*Abbreviations:* AE = accredited entity, NDA = national designated authority

A CN adds the greatest value when NDAs/focal points and AEs discuss a project idea and concept at the very early stages of funding proposal development. When

submitting a CN, AEs are encouraged to include a description of the engagement with the NDA(s) and other relevant stakeholders in the country that has taken place and what further engagement will be undertaken as the concept is developed into a funding proposal. A CN may also play an important role for cases in which the proposed activities are highly innovative or untested.

CNs provide an opportunity to seek initial feedback from the Secretariat on whether the proposal is aligned with GCF objectives, mandates, policies and investment criteria. However, the CN should be able to indicate the environmental and social (E&S) risk category that will then inform the type of E&S due diligence required in the development of the funding proposal.

#### ONLINE TRACKING SYSTEM:

At stage 3 of the project/programme activity cycle, all CNs and funding proposals submitted to GCF are tracked and reviewed through the internal funding proposal online tracking system. This system records the lifecycle of all submitted CNs and funding proposals. Once the CN for the funding proposal is registered in the Secretariat's internal system, the information on the CN becomes available in the entity portal and country portal on the GCF website. All relevant emails containing formal correspondence with NDAs and AEs are recorded in the internal portfolio management system (IPMS). The IPMS data are essential for the internal management of the pipeline and the process of proposal assessment by the Secretariat.

The CN should provide the following information:

- A brief climate context and baseline;
- A project description, including project components;
- The project size, suggested financial instruments and other financial information;
- Brief information on how the concept note meets the GCF investment criteria; and
- Information on engagement with the NDA(s) and relevant stakeholders.

Optional annexes to be included at the CN stage:

- Map indicating the location of the project/programme;
- Diagram of the theory of change;
- Economic and financial model with key assumptions;
- Pre-feasibility study, if applicable;
- Evaluation report of previous project(s), if any;
- Results of E&S risk screening.

The following elements do not need to be provided at the CN stage:

- Project logical framework;
- Detailed budget; and
- Project appraisal report.

**Figure 9** illustrates the development and submission of CNs.

NDAs/focal points should be notified by the AE when a CN is presented for their respective country and the AE will seek confirmation from the relevant NDA/focal point regarding the alignment of the CN with the priorities of the country in which the

proposed activities will be implemented.<sup>21</sup> The AE will make a representation to the Secretariat in this respect when submitting a CN to the GCF. The Secretariat will also notify the respective NDA/focal point that the AE has submitted a CN that will cover their country.<sup>22</sup>

Upon the Secretariat's notification, in the case the NDA informs the Secretariat that it has not endorsed the CN, the AE is informed of the decision of the NDA/focal point not to endorse the CN. An email will be sent to the service account of the AE, reflecting any specific reasons that the NDA/focal point has included in its decision.

Thus, AEs should seek to engage with NDAs/focal points as part of the CN/funding proposal preparation process through the following steps:

1. Inform the NDA/focal point about the activity proposed to be implemented in their country;
2. Commence consultations with a view to confirming whether the proposed activity is in accordance with the country's strategic framework and priorities, including its country programme, nationally determined contribution, national adaptation plan or other relevant climate change strategies and plans; and
3. Notify the Secretariat that it has commenced consultation with the NDA/focal point via the relevant provisions of the CN.

All CNs submitted to the Secretariat and additional documents provided to the Secretariat are disclosed on the GCF website, subject to the GCF Information Disclosure Policy.<sup>23</sup>

For more information on how to complete a CN, please see the concept note user's guide.<sup>24</sup>

### 3.1 FEEDBACK AND RECOMMENDATIONS ON THE CONCEPT NOTE

The feedback provided by the Secretariat on the CN may include guidance to further develop and strengthen the project/programme idea, align it with country priorities, and better articulate the proposition for climate impact and paradigm shift potential.

The review of CNs submitted to the Secretariat is conducted by the origination and structuring team (OST). Through a detailed review of the CN, OST seeks to provide clear and constructive comments with recommendations and suggestions on how to improve the proposed project. This feedback is captured in the CN feedback form. The NDAs/focal points or AEs that submitted the CN can respond to the Secretariat's comments by replying directly via the feedback form. At this stage, the Secretariat may also consult the NDA/focal point on the CN submitted by an AE.

The Secretariat's response is usually provided within 30-45 days from the date of submission of the CN.<sup>25</sup> In certain cases, when further clarifications are requested, the Secretariat may decide to undertake a CN scoping/engagement mission.

---

<sup>21</sup> Decision B.17/09, paragraph (f).

<sup>22</sup> Decision B.17/21, annex XX, paragraph 13.

<sup>23</sup> See <[https://www.greenclimate.fund/documents/20182/574763/GCF\\_policy\\_-\\_Information\\_Disclosure\\_Policy.pdf/eca387d2-06b3-42c9-89f9-4976f2e802f4](https://www.greenclimate.fund/documents/20182/574763/GCF_policy_-_Information_Disclosure_Policy.pdf/eca387d2-06b3-42c9-89f9-4976f2e802f4)>.

<sup>24</sup> Available at <<https://www.greenclimate.fund/document/gcf-concept-note-users-guide>>.

<sup>25</sup> The Secretariat's response time depends on whether a scoping mission has been scheduled by the Secretariat to support the assessment of the CN.



The Secretariat can make the following recommendations upon completion of its review:

- For the CN to be fully advanced into a funding proposal;
- For the CN to be further developed and resubmitted, including for potential PPF support; or
- For the CN to be rejected if it is not eligible to receive GCF support or does not meet the GCF investment criteria.

Endorsement of the CN by the Secretariat does not guarantee approval of the funding proposal or a commitment to provide financial resources.

## 3.2 PROJECT PREPARATION AND DEVELOPMENT SUPPORT

GCF has dedicated funds to support AEs in funding proposal development, which the AEs can apply for through the GCF's Project Preparation Facility (PPF). The PPF supports all AEs, in particular direct access entities and micro and small-size category projects, in project and programme preparation. A total of USD 40 million has been made available for the initial phase of the PPF, with each request subject to a cap of USD 1.5 million. PPF support can be provided through grants and repayable grants, while equity may be considered for private sector projects. Funding proposals developed with the PPF should be submitted to the GCF Board within two years of the approval of a PPF request.

PPF support may be available to cover the following activities:

- Pre-feasibility and feasibility studies, as well as project design;
- Environmental, social and gender assessments and management/action plans;
- Risk assessments;
- Identification of project-/programme-level indicators;
- Pre-contract services, including the revision of tender documents;
- Advisory services and/or other services to financially structure a proposed activity, including any legal, regulatory and other due diligence required to be conducted by the AE; and
- Other project preparation activities, where necessary, provided that sufficient justification is available, such as the conduct of stakeholder consultations and obtaining free, prior and informed consent for proposals that are required to meet the requirements of the GCF Indigenous Peoples Policy and environmental and social safeguards on Indigenous peoples.

Prior to submitting a PPF application, AEs must submit a CN, which, if cleared by the Secretariat's Climate Investment Committee, can proceed to PPF application. If the CN is cleared for PPF support, AEs must fill out the PPF application, which should include a list of requested activities to be funded by PPF support and expected deliverables and be accompanied by a no-objection letter from the NDA/focal point.

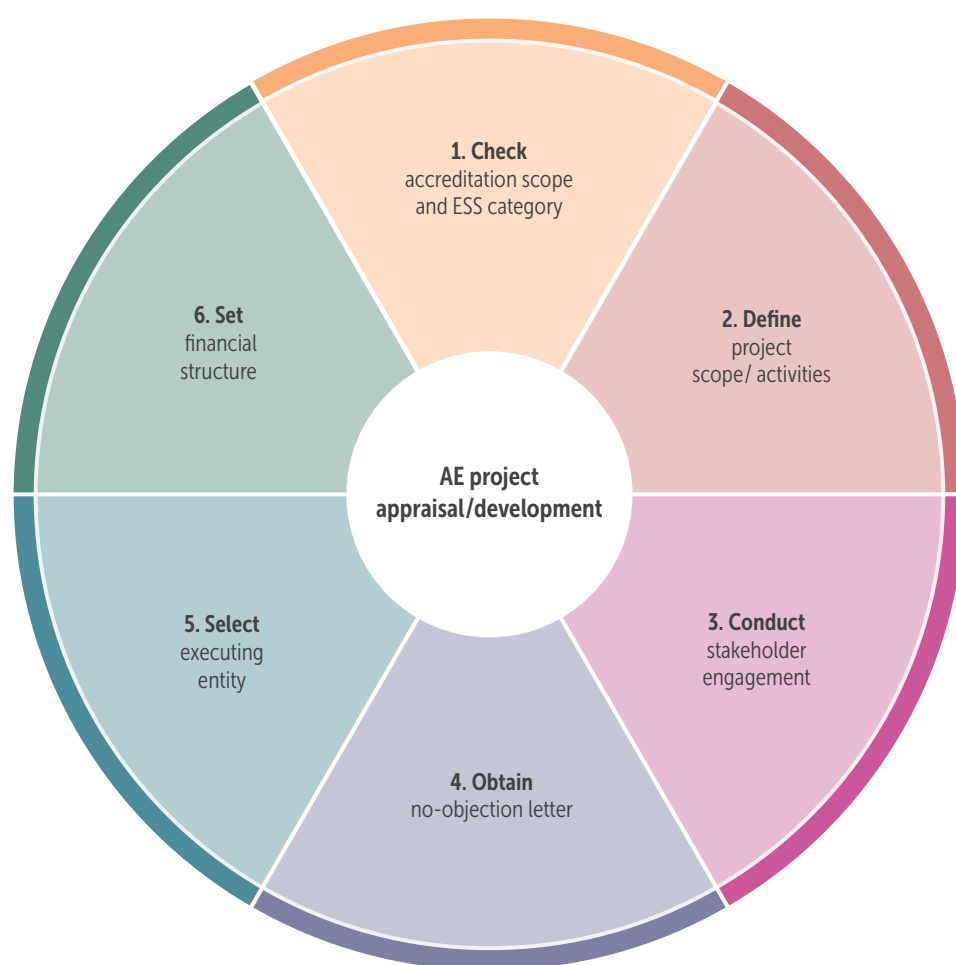
For more information on the PPF, please refer to the Project Preparation Facility guidelines.<sup>26</sup>

<sup>26</sup> Available at <<https://www.greenclimate.fund/document/project-preparation-facility-guidelines>>.

## STAGE 4. DEVELOPMENT OF FUNDING PROPOSALS

Stage 4 covers the development and submission of funding proposals by the accredited entities (AEs) to the GCF Secretariat. It includes several steps that the AEs must take in order to ensure that submissions are complete and meet GCF requirements and policies. The following section provides details on these steps and guidance on the information and documentation required in GCF funding proposals (see **Figure 10** for an outline of those steps).

**FIGURE 10. DEVELOPMENT AND SUBMISSION OF FUNDING PROPOSALS**



*Abbreviations:* AE = accredited entity, ESS = environmental and social safeguards

### 4.1 APPLICABLE GCF POLICY FRAMEWORKS

The GCF Programming and pipeline development are guided by a set of key policy frameworks: Investment Framework and the RMF and PMF. FPs must be prepared in accordance with the considerations and requirements of those key policy frameworks.

The **investment framework** is the key guiding framework informing GCF programming and investment decision-making. It is supported by the GCF investment policies<sup>27</sup> and

<sup>27</sup> Adopted by the Board in decision B.09/05.

sets out six investment criteria and related activity-specific subcriteria indicators and assessment factors.

AEs are expected to develop their funding proposals with due consideration of the GCF investment criteria and the applicable and relevant activity-specific subcriteria and indicative assessment factors. In the formulation of the funding proposal, AEs are expected to respond to all six of the investment criteria, but only the applicable and relevant subcriteria and indicative assessment factors. Not all activity-specific subcriteria and indicative assessment factors will be applicable or relevant to every proposal.

The current **results management framework (RMF)** and **performance measurement frameworks (PMF)** define the areas of action in which GCF seeks to invest and its approach to tracking and monitoring results. GCF invests across eight results areas covering four mitigation and four adaptation strategic impact areas (see **Figure 11**). The PMF has been designed to measure the results of the many cross-cutting opportunities with the potential to have an impact on both mitigation and adaptation. In their funding proposals, AEs will be expected to demonstrate how they will deliver on a limited set of representative indicators mirroring the investment framework that are relevant to their proposed project activities and results areas, which will be tracked and monitored throughout the project implementation process.

**FIGURE 11. AREAS OF ACTION IN WHICH GCF SEEKS TO INVEST**



The proposed **integrated results and resource management framework**<sup>28</sup> would replace the existing RMF and PMF and is intended to capture in a single framework the results and performance measurements translated from the investment framework.

GCF **sectoral guidance** provides additional guidance on the types of initiatives that fully meet GCF investment criteria in key sectors across its eight results areas. Part I of the Programming Manual presents guidance on how compliance with these frameworks is assessed in funding proposals across the review and implementation cycle.

<sup>28</sup> The proposed framework is intended to replace the Board-approved RMF and PMF and will be presented to the Board for consideration at its twenty-sixth meeting.

---

## 4.2 FUNDING PROPOSAL DEVELOPMENT: FIRST-LEVEL DUE DILIGENCE BY THE ACCREDITED ENTITY

AEs are responsible for developing and initially appraising the funding proposal, as part of its First-level due diligence. The AE should conduct all necessary and desirable due diligence on the proposed project/programme that it would apply to its own portfolio or when using or investing its own funds or funds for which it has management or investment responsibility, pursuant to its own policies and procedures. The AE should clearly document the conclusions/recommendations of its first-level due diligence in the funding proposal. Due diligence should cover the following aspects, including but not limited to:

- The technical, engineering, economic, financial, risk, legal and commercial viability of the proposed activities;
- Compliance with GCF standards (environmental and social safeguards (ESS), fiduciary standards and the Gender Policy) to the extent and scope of its accreditation, and with the applicable requirements under the Indigenous Peoples Policy;
- Climate change mitigation and/or adaptation impacts, including developmental benefits;
- Administrative and regulatory requirements; and
- Any business or company searches to ascertain the legal capacity, solvency or financial health of the executing entity (EE) and other recipients/beneficiaries of the funding and the parties to the transaction set out in the relevant FP.

Project/programme appraisal by the AE involves an in-depth evaluation of the proposed activities and interventions to meet the GCF investment criteria and achieve the desired climate mitigation and/or adaptation results. This helps the AE to determine whether the proposed project/programme offers an effective solution to address the identified problem, and whether it is technically, financially, economically, environmentally and socially sound and cost-effective.

The process often involves site visits, consultations with relevant stakeholders, and conducting technical studies. The first-level due diligence appraisal enables AEs to obtain the necessary design parameters, such as environmental, social and gender assessments; technical, economic, financial and legal analyses; risk evaluation; monitoring, reporting and evaluation plans; and development of a results management framework.

Part II of the Programming Manual describes in detail the process for preparing funding proposals for GCF.

### 4.2.1 ACCREDITATION SCOPE: FINANCING MODALITIES, PROJECT SIZE, AND ENVIRONMENTAL AND SOCIAL SAFEGUARDS

When entities are accredited to work with GCF, their accreditation scope specifies the types of projects and programmes they can submit for funding and implement. Based on the capabilities, track record, and internal policies and procedures of the AE, the accreditation scope defines three main areas for the AE: the size of project/programme activity that they could propose, the financing modalities that they could apply, and the ESS categorization of projects that they could implement.

Financing modalities: Each AE is required to have a set of fiduciary principles and standards that are equivalent to the GCF fiduciary principles and standards and to

apply the related principles and standards in the development and implementation of GCF-financed projects and programmes.

The following fiduciary standards are used for the accreditation of an AE, which correspond to the financing modality(ies) the AE can undertake in funding proposals:

- Basic fiduciary standards on key administrative and financial capacities, and transparency and accountability;
- Specialized fiduciary standards for project management;
- Specialized fiduciary standards for grant award and/or funding allocation mechanisms; and
- Specialized fiduciary standards for on-lending and/or blending for loans, blending, equity and/or guarantees.

Project/programme activity size: AEs can only submit funding proposals up to the size for which they have been accredited. For example, AEs accredited as “medium” can submit funding proposals for medium, small and micro size projects/programme activities, but may not submit large size projects/programme activities. AEs are accredited for four size categories, as outlined in **Table 3**.

**TABLE 3. ACCREDITATION SIZE CATEGORIES FOR INDIVIDUAL ACCREDITED ENTITIES**

ACCREDITATION SIZE CATEGORY	PROJECT/PROGRAMME ACTIVITY SIZE (INCLUSIVE OF CO-FINANCING)
Micro	Up to USD 10 million
Small	Up to USD 50 million (including micro size)
Medium	Up to USD 250 million (including micro and small sizes)
Large	USD 250 million and above (including micro, small and medium sizes)

If AEs wish to change their accreditation scope and category, they have the option of applying for an upgrade of their accreditation status through the accreditation process before submitting such a funding proposal to GCF.

ESS risk category: Entities are also accredited for a certain ESS risk category: category A, category B and category C for activities, and intermediation 1 (I-1), I-2 and I-3<sup>29</sup> for intermediaries. See **Table 4** for the categorization of environmental and social risk.

AEs accredited to category A or I-1 can propose for funding those activities with assessed environmental and social risk categories of up to category A or I-1. AEs accredited to category B or I-2 can propose activities with assessed risk categories of up to category B or I-2 only, while AEs accredited to category C or I-3 can only propose category C or I-3 activities for funding.

<sup>29</sup> See annex I to decision B.07/02 (annex I to document GCF/B.07/11 titled “Decisions of the Board – Seventh Meeting of the Board, 18–21 May 2014”) for a definition of categories A, B and C and intermediation 1, 2 and 3.

**TABLE 4. ENVIRONMENTAL AND SOCIAL SAFEGUARDS RISK CATEGORIES**

CATEGORY	DESCRIPTION
A	Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented
B	Activities with potential limited adverse environmental and/or social risks and impacts that, individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures
C	Activities with minimal or no adverse environmental and/or social risks and/or impacts
High level of intermediation, I-1	When an intermediary's existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented
Medium level of intermediation, I-2	When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented
Low level of intermediation, I-3	When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and social impacts

AEs may be accredited with conditions of accreditation wherein the AE has been found during accreditation to have a gap in meeting GCF standards. Such accreditation conditions must be met prior to or as a part of developing the funding proposal, or prior or after approval by the GCF Board of a funding proposal.

#### 4.2.2 PROJECT SCOPE AND ACTIVITIES

One of the most important decisions in the design of the project is the definition of its scope, starting with the identification of the climate change problem that needs to be addressed/solved. In some cases, a broader project scope may have multiple benefits, such as addressing barriers holistically, enhancing the sustainability of the project/programme, improving the enabling environment, and/or encompassing a wider range of country and stakeholder needs. A wider scope can, however, also entail a greater degree of complexity in the project design and management, difficulties with implementation and/or dilution of the climate impact that the project/programme is aiming to achieve.

The project scoping exercise should start with the identification of the climate change problem that the proposed project is aiming to address. This determination will form the starting point and basis for the theory of change diagram (see section B.2 titled "Theory of change" in Part II of the Programming Manual), which articulates how the project will address the identified problem.

A project can have a large or small number of activities. Answering the following questions can be helpful in assessing whether specific activities should be included as part of the same project or programme (see also **Box 3**):

1. Do the activities have a common and specific objective?
2. Are the activities coherent, creating synergies between components and/or subprojects and reinforcing the intended outcome?
3. Do the activities add value by combining their components? For example, do they create a greater impact, increased sustainability, higher cost-effectiveness and/or deeper integration when combined than they would individually?
4. Is every component of the proposed activities aligned with the GCF investment framework?
5. Do the proposed activities contribute to addressing the climate change problem targeted by the project/programme?
6. Do the proposed activities contribute to the 'success pathway' of the project/programme?

For each activity which is to be included in the project or programme, the project description should clearly identify, covering among others: (a) who is responsible for the implementation of such activity (i.e. who will be the Executing Entity); (b) what the details of the activity are; and (c) where applicable, the beneficiaries of the activity and the related eligibility criteria

### BOX 3. PROJECT VS. PROGRAMME

A GCF programme is defined as a set of interlinked individual projects or phases, unified by an overarching vision, common objectives and contribution to strategic goals, which will deliver sustained climate results and impact in the GCF results areas efficiently, effectively and at scale.

#### 4.2.3 STAKEHOLDER ENGAGEMENT

When developing a funding proposal, the AE is required to have, in collaboration with the relevant country authorities, a process for multi-stakeholder engagement, consistent with any national regulations and processes for such engagement, including confirmation of appropriate action to address any feedback received.

A detailed consultation process should be well thought out and established at the early stages of the appraisal process. It should involve direct beneficiaries and other relevant players (e.g. local government units, civil society organizations, the private sector, academia). An annex that details how those inputs have been captured and featured to the extent possible in the design of the project/programme should be included as annex 7 to the funding proposal.

The ESS related consultation and related reports should provide details of how men and women representatives and Indigenous peoples groups, in locations where they exist, meaningfully participated in the discussions.

Further details on how to prepare the stakeholder mapping and conduct stakeholder consultations are provided under annex 7 of Part II of the Programming Manual, as

---

well as in the GCF sustainability guidance note on designing and ensuring meaningful stakeholder engagement on GCF-financed projects.<sup>30</sup>

#### 4.2.4 NO-OBJECTION LETTER

All funding proposals submitted to GCF must be accompanied by a no-objection letter (NOL) from the national designated authority (NDA)/focal point. An NOL is one of the key tools to ensure country ownership. For a multi-country programme, no activities or investments can be undertaken in a country without obtaining a NOL from the NDA/focal point of the host country.

By issuing an NOL, the NDAs/focal points ensure that the proposed project/programme is consistent with country-driven approaches and national climate strategies and plans, and signal their support for funding proposals. Each country will decide on its own nationally appropriate process for ascertaining no-objection to funding proposals according to the country's capacities and existing processes and institutions. The NDAs/focal points must ensure that the no-objection procedure is conducted in a transparent manner through established processes and procedures.<sup>31</sup>

For a multi-country project/programme, no activities or investments under the project/programme can be undertaken without obtaining an NOL. For regional proposals, each country in which the project/programme is to be implemented needs to issue an NOL.

In cases of submissions of FP that are not accompanied by an NOL, the Secretariat will inform the NDA/focal point of the receipt of such funding proposal, and will request the NDA/focal point to provide its no-objection within 30 days after receiving this information. After 30 days have passed, consideration of the relevant FP will be suspended if an NOL has not been submitted, and the Secretariat will notify the AE of the suspension.

In case of multi-country programmes for which not all NOLs have been received at the time of FP submission, the Secretariat will inform the NDA/focal point of countries that have not issued the NOL of the receipt of such funding proposal, and will request the NDA/focal point to provide its no-objection within 30 days after receiving this information. After 30 days have passed, consideration of the relevant FP will be suspended and the Secretariat will notify the AE of the suspension. At this stage, AEs may re-assess the programme scope and revise the FP to include only countries for which NOLs have been received.

A template NOL is available on the GCF website,<sup>32</sup> and details on how to submit an NOL are explained in Part II of the Programming Manual.

#### 4.2.5 IMPLEMENTATION ARRANGEMENTS: EXECUTING ENTITY

The funding proposal must present the implementation arrangements for the proposed project/programme. One of the key elements of the implementation arrangements

---

<sup>30</sup> Available at <<https://www.greenclimate.fund/document/sustainability-guidance-note-designing-and-ensuring-meaningful-stakeholder-engagement-gcf>>.

<sup>31</sup> See annex XII to decision B.08/10 (annex XII to document GCF/B.08/45 titled "Decisions of the Board – Eighth Meeting of the Board, 14–17 October 2014"). Available at <[https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Eighth\\_Meeting\\_of\\_the\\_Board\\_14-17\\_October\\_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d)>.

<sup>32</sup> See: <https://www.greenclimate.fund/document/no-objection-letter-template>.



is determining the EE. The AE may itself act as the EE or may carry out and execute the project/programme fully or partially through one or more EEs. For example, direct access entities could also act as EEs for international access entity, thus building their capacity to execute GCF projects and programmes. See **Box 4** for further information on EEs.

The AE is responsible for determining, selecting and engaging the EE based on its due diligence and financial management capacity assessment and the requirements of the AMA.

#### BOX 4. WHO CAN BE AN EXECUTING ENTITY?

As defined in the accreditation master agreement, an “Executing Entity” means any entity, which includes, as the case may be, a developing country which is a party to the Convention, through which GCF Proceeds are channelled or used for the purposes of a Funded Activity or part thereof, and/or any entity that executes, carries out or implements a Funded Activity, or any part thereof. For the avoidance of doubt, the Accredited Entity may also carry out the functions of an Executing Entity”.

An executing entity (EE) must have a legal personality and the capacity to contract, and is assessed by the relevant accredited entity (AE) to have the required financial management and project implementation capacity, as well as the capacity to carry out the project in accordance with the policies and procedures of and contractual obligations stipulated by the AE.

An EE is different from a procured party or contractor. A procured party delivers prescribed goods, services or works provided for under a procurement contract. In contrast, in addition to dealing with procurement matters, an Executing Entity also has the responsibility to exercise discretion and make decisions with respect to the implementation of all or part of the GCF Funded Activity and the use of GCF proceeds, as well as carrying out reporting, monitoring and supervision functions.

The AE must have a direct contractual relationship – a subsidiary agreement – with each EE, through which the AE passes down the relevant obligations and requirements of the AMA and funded activity agreement to the EE. It is the responsibility of the AE to ensure that (a) all the relevant requirements under the AMA and the FAA are passed down to the EEs and (b) the project is implemented in accordance with such requirements. The subsidiary agreement serves various purposes, such as:

- Setting out the policy and contractual requirements to ensure that the project to be implemented in a manner consistent with the funding proposal and GCF policies as well as the AE’s policies (where relevant);
- Enabling the AE to directly monitor and supervise project implementation;
- Enabling the AE to request the EE to take remedial actions and ensure that those actions are enforced; and
- Allowing GCF to step into the Subsidiary Agreement in accordance with the relevant AMA/FAA (i.e. assume the contractual position of the AE in order to continue operation of the funded activity or to exercise any rights under the subsidiary agreement, if deemed necessary by GCF).

GCF does not enter into a direct contractual relationship with an EE, which is instead the responsibility of the AE. Also, GCF does not prescribe the form of the Subsidiary Agreements.

---

The AE must undertake a risk and fiduciary capacity assessment of each entity that is proposed to have the role of an EE in the implementation of a funded activity and reflect its findings in the relevant funding proposal package.

#### 4.2.6 FINANCIAL INSTRUMENTS AND STRUCTURE

As per the Governing Instrument, GCF provides 'financing in the form of grants and concessional lending, and through other modalities, instruments or facilities as may be approved by the Board. Financing will be tailored to cover the identifiable additional costs of the investment necessary to make the project viable. The GCF will seek to catalyse additional public and private finance through its activities at the national and international levels.' Further, GCF will 'employ results-based financing approaches, including, in particular for incentivizing mitigation actions, payment for verified results, where appropriate'.

GCF could use the following (non-exhaustive) types of financial instruments, among others, for the financing of both public and private sector<sup>33</sup> projects:

- Grants (with or without repayment contingency);
- Concessional loans with low interest rates;
- Equity; and
- Guarantees.

Although grants and loans are the most widely used financial instruments in the portfolio, GCF is also able to use other financial instruments, including equity and guarantees, in funded activities, thus addressing the investment gap and attracting additional private sector financing:

- Guarantees can be effective instruments to either reduce or transfer risk in order to mobilize investors and reduce the cost of capital; and
- Equity has an untapped potential to provide the anchoring of concessional capital and the mobilization effort needed to further catalyse private sector investment.

#### BOX 5. PRIVATE VS PUBLIC SECTOR PROJECT

---

**Private sector project:** a project could be considered private when all financial resources that are provided for its implementation from financing entities are more than 50 per cent owned and/or controlled by private shareholders.

**Public sector project:** a project could be considered public if all financial resources, other than the GCF proceeds, that are provided for its implementation from the public sector or entities are more than 50 per cent owned and/or controlled by the public sector.

In accordance with the Governing Instrument for the GCF, GCF will finance full and agreed incremental costs for activities to enable and support enhanced action on

---

<sup>33</sup> Pursuant to decision B.09/04, grants with contingency repayment may only be used for the private sector.

adaptation and mitigation.<sup>34</sup> **Table 5** outlines the policies relating to the terms and conditions of GCF financial instruments that have been adopted by the Board.

**TABLE 5. POLICIES RELATING TO THE TERMS AND CONDITIONS OF GCF FINANCIAL INSTRUMENTS**

POLICY	KEY PRINCIPLES AND TOOLS FOR CONSIDERATION OF TERMS AND CONDITIONS
Terms and conditions of financial instruments	<ul style="list-style-type: none"> <li>Principles and factors for determining the terms and conditions of grants and concessional loans (decision B.05/07)</li> <li>Guidelines for the financial terms and conditions for public and private sector projects (decision B.09/04)</li> <li>Use of financial terms and conditions (decision B.17/08)</li> </ul>
Investment framework	<ul style="list-style-type: none"> <li>Investment criteria indicators (annex VII to decision B.22/15)</li> <li>Indicative assessment factors for the GCF investment criteria (decision B.09/05)</li> </ul>
Risk management framework	<ul style="list-style-type: none"> <li>Risk guidelines for funding proposals</li> <li>Foreign exchange risk</li> <li>Use of grant equivalent calculator</li> </ul>

These policies and related guidance on terms and conditions are broad, thereby providing flexibility for project proponents to use them to make investments that are viable and fit-for-purpose, provided that GCF principles and requirements are followed. The level of concessionality, the choice of the most appropriate financial instruments, and the terms and conditions are decided on a case-by-case basis, taking into account whether the proposed interventions require high or low concessionality to make them viable and economically and financially effective.

GCF applies its financial terms and conditions differently for public and private sector projects/programmes,<sup>35</sup> as follows:

- The terms and conditions for private sector projects (whether for grant or non-grant instruments) are considered on a case-by-case basis; and
- The terms and conditions for public sector projects using grants and loans are determined based on specific rules that guide the Secretariat and AEs, as defined in annex II to decision B.09/04,<sup>36</sup> with high and low concessionality for loans.

Details of the different terms and conditions applied to GCF projects are explained in detail in section C of Part II of the Programming Manual.

Projects could target public and/or private beneficiaries and be submitted by public or private entities. For AEs that have both public and private sector operations, a project or programme with private sector beneficiaries could become a public sector project if, for example, a sovereign guarantee is used as GCF financing. One of the key principles

<sup>34</sup> See paragraph 35 of the Governing Instrument for the GCF. <<https://www.greenclimate.fund/document/governing-instrument>>

<sup>35</sup> Decision B.09/04.

<sup>36</sup> Annex II to document GCF/B.09/23 titled "Decisions of the Board – Ninth Meeting of the Board, 24–26 March 2015".

---

of the GCF investment policy is not to crowd out private sector investments. In this regard, the choice of the project type – public or private, with different financial terms and conditions – and thus different levels of concessionality, should be considered.

When developing a funding proposal, AEs need to elaborate on the following elements to determine the financial structure:

- The total cost of the project/programme;
- The requested amount of GCF funding;
- The choice of financial instruments (e.g. grants, loans, guarantees, equity); and
- The level of concessionality that GCF and the AE should use to finance their portion of the costs.

The new Policy on Co-financing<sup>37</sup> defines co-financing as “the financial resources required, whether Public Finance or Private Finance, in addition to the GCF Proceeds, to implement the GCF Funded Activity for which a funding proposal has been submitted”. GCF offers concessionality in order to facilitate a high-impact climate action that would otherwise not take place. In many countries, a paradigm shift towards low-emission and climate-resilient development pathways cannot be achieved through existing market conditions. Although reducing greenhouse gas emissions and increasing climate resilience has economic benefits for the public, these benefits are often undervalued or not priced in public and private investment decisions, leading to suboptimal outcomes. To circumvent these market failures, GCF provides concessional financing to align the financial incentives with the economic benefits, thereby leading to low-emission and climate-resilient investments.

In addition, the following aspects could be considered/assessed by the AE to support the choice of financial instrument to be used and the pricing and conditions to be applied and reflected in the term sheet:

- The existence and availability of other climate finance providers/products and their level of coverage;
- Whether the project would not occur without concessional resources, thus ensuring additionality;
- A financial analysis that estimates whether a project generates sufficient reflows to be sustainable;
- The capacity of the borrower to repay (level of indebtedness of the recipient); and
- An economic analysis that estimates both the financial and non-financial benefits of the project, especially for projects without reflows.

The AE should propose the amount that GCF will finance, based on its own incremental and full cost assessment process. The AE should then answer the following questions to be able to determine the level of concessionality:

- What is the most appropriate financial instrument that would make the project viable: a grant, loan, equity, and/or guarantee? The financial and economic analysis of activities proposed in the project, as well as strategic considerations, will help to determine the most suitable instrument for GCF funding; and
- What are the terms and conditions to be applied (e.g. interest rates, tenors, grace periods) both by GCF and by the co-financiers? If the terms and conditions are different, what is the reason for that difference?

---

<sup>37</sup> Decision B.24/17

Concessionality can be applied to all GCF financial instruments and be extended to interventions in both the public and the private sectors in several ways:

- a. As a non-reimbursable grant (i.e. 100 per cent concessionality), typically in services activities such as capacity-building and technical assistance where there is no direct repayment (or reflow) mechanism, or in operations where a non-repayable capital expenditure or operational expenditure grant is most efficient, or in countries where International Monetary Fund programmes limit sovereign borrowing. In addition, a reimbursable grant could be used to finance activities that have some revenue generation potential, but for which the magnitude or exact timing could not be accurately estimated at the time of project/programme development, and in cases where a country could not take on additional debt owing to the fiscal situation;
- b. As minimum concessionality, typically to reflow-generating private sector clients or established sub-sovereign clients with revenue-generating operations (e.g. utilities). Terms can vary and can include below-market rates, as well as longer tenors and grace periods;
- c. In funding proposals using debt structures, a concessional loan can have different seniorities (senior, *pari passu*, subordinated) and may have a lower interest rate compared with that prevailing in the market, with generally longer tenors and grace periods before the first repayment, as well as facilitation of more flexible terms; and
- d. In equity, concessionality can be extended as first loss shares in junior positions in tiered funds or can be the “anchor” portion of the fund that de-risks the investment for private investors and thus catalyses further equity participation, with preferred equity returns for the private sector to move the flow of financing to climate finance sectors.

The level of concessionality provided by GCF will be the minimum amount necessary to make a proposal viable, as assessed on a case-by-case basis, and help to achieve the climate impact and paradigm shift objectives of GCF, in accordance with the GCF investment criteria. This is reinforced by the current GCF risk appetite statement, which states that GCF is willing to accept considerable uncertainties around investment risks in order to realize significant impact and promote a paradigm shift.<sup>38</sup>

It is important to provide as much evidence as possible in funding proposals to justify the financial request to GCF (e.g. market studies, and technical, risk or financial assessments), which would provide information on the size and type of concessionality required (see **Table 6**).

---

<sup>38</sup> Decision B.17/12.

**TABLE 6. HOW TO ESTABLISH THE APPROPRIATE LEVEL OF CONCESSIONALITY**

	WHAT TO CONSIDER	HOW TO DETERMINE THE LEVEL OF CONCESSIONALITY	POLICY GUIDE
<b>CHOICE OF FINANCIAL INSTRUMENT</b>	<ul style="list-style-type: none"> <li>• Grant</li> <li>• Reimbursable grant</li> <li>• Loan</li> <li>• Guarantee</li> <li>• Equity</li> </ul>	<ul style="list-style-type: none"> <li>• Financial analysis</li> <li>• Economic analysis</li> <li>• Strategic context</li> </ul>	<ul style="list-style-type: none"> <li>• Investment criteria indicators (decision B.22/15, annex VII)</li> <li>• Indicative assessment factors for GCF Investment criteria (decision B.09/05)</li> </ul>
<b>ESTABLISHMENT OF CONDITIONS</b>	<ul style="list-style-type: none"> <li>• Interest rate</li> <li>• Tenor</li> <li>• Grace period</li> <li>• Local currency</li> <li>• Others, including disbursement-related conditions and covenants</li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative and quantitative analysis</li> <li>• Market overview</li> <li>• Technical, risk or financial assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Principles and factors to determine terms and conditions (decision B.05/07)</li> <li>• Guidelines for public and private sector projects (decision B.09/04)</li> <li>• Use of financial terms and conditions (decision B.17/08)</li> </ul>

### 4.3 FUNDING PROPOSAL SUBMISSION AND COMPLETENESS CHECK

FPs must be submitted through a dedicated funding proposal account: [fundingproposals@gcfund.org](mailto:fundingproposals@gcfund.org).

The Secretariat acknowledges the submission and assigns the relevant review team. Depending on the project type (public or private) and the sector, the review is led either by the DMA for public sector proposals, or by the PSF for private sector proposals. The same members involved in the origination and structuring team are assigned to the funding proposal once it has been submitted through the online submission system.

The Task Manager assigned to the project will often be the relevant sector/financial structuring specialist for the main theme of the project. The Task Manager will be the key GCF contact person for the AE during the review of the proposed project, submission of the proposal to the Board, and post-approval arrangements.

The funding proposal package comprises of the FP and the supporting documents, listed in **Table 7**.

TABLE 7. COMPLETENESS CHECKLIST

ANNEX	LIST OF SUPPORTING DOCUMENTS	IS THE DOCUMENT PROVIDED?
ANNEX 1	NDA no-objection letter(s) (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 2	Feasibility study and, if applicable, market study	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 3	Economic and/or financial analyses in spreadsheet format	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 4	Detailed budget plan (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 5	Implementation timetable, including key project/programme milestones (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 6	Environmental and social safeguards report: <input type="checkbox"/> Report(s) corresponding to category A or B; or I-1 or I-2: <input type="checkbox"/> ESIA <input type="checkbox"/> ESMP <input type="checkbox"/> ESMS <input type="checkbox"/> Others (resettlement action plan, resettlement policy framework, Indigenous peoples plan, Indigenous peoples planning framework, stakeholder engagement/management plan) <input type="checkbox"/> ESS report disclosure form (category A, B or C; or I-1, I-2 or I-3) (form provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 7	Summary of consultations and stakeholder engagement plan	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 8	Gender assessment and project-/programme-level action plan (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 9	Legal due diligence (regulation, taxation and insurance)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 10	Procurement plan (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 11	Monitoring and evaluation plan (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 12	AE fee request (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 13	Co-financing commitment letter, if applicable (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 14	Term sheet, including a detailed disbursement schedule and, if applicable, repayment schedule	Yes <input type="checkbox"/> No <input type="checkbox"/>
ANNEX 15	Evidence of internal approval (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 16	Map(s) indicating the location of proposed interventions	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 17	Multi-country project/programme information (template provided)	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 18	Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 19	Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the AE	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 20	First-level AML/CFT (KYC) assessment	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 21	Operations manual (operation and maintenance)	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
ANNEX 22	GHG Emissions Reduction Estimates	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
	Other references (if applicable)	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
	Response(s) to GCF comments and feedback (if applicable)	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

*Abbreviations:* AE = accredited entity, AML/CFT = anti-money-laundering/countering the financing of terrorism, ESIA = environmental and social impact assessment, ESMP = environmental and social management plan, ESMS = environmental and social management system, ESS = environmental and social safeguards, KYC = know your customer, N/A = not applicable, NDA = national designated authority.

Upon receipt of the funding proposal, the Secretariat performs an initial review and completeness check of the required documentation. If the required information or documentation is missing or incomplete, the Secretariat informs the AE accordingly, and requests the AE to submit the missing information. This stage comprises both a check of the submission of the required documentation in an adequate format, and an initial quality assessment of the information contained in the documentation (e.g. ensuring that the funding proposal has been developed in line with guidance provided at the concept note stage). For some annexes, a prescribed template is provided, which must be used to present relevant project-specific information. Annexes that are incomplete or not submitted in the required template will not be reviewed until such annexes are revised to the satisfaction of GCF. Therefore, AEs must ensure that they provide complete information and documentation, and that all required documentation is sufficiently advanced prior to FP submission to the GCF.

Some annexes could be submitted at a later stage after the initial funding proposal submission as the review progresses; however, AEs are highly encouraged to submit all relevant annexes with the initial submission to ensure that a complete review can be undertaken by the Secretariat in a timely manner. At a minimum, a funding proposal package submitted to the GCF Secretariat as an initial submission should include, among other elements:

- A feasibility study;
- A project appraisal report (if applicable);
- A detailed budget;
- ESS reports;
- Gender assessments and project-/programme-level action plans;
- A draft term sheet;
- An evaluation report of baseline projects (if applicable);
- An NOL;
- Co-financing or commitment letter(s);
- A project implementation timetable; and
- An economic and/or financial analysis.

If a funding proposal is submitted without these annexes, the Secretariat will not proceed to review the documentation until such annexes are provided by the AE. The full funding proposal package must be sent to the Secretariat no later than by the start of the technical review stage. Additional information and annexes may be requested as the technical review progresses.

#### **4.4 ADDITIONAL SUBMISSION REQUIREMENTS FOR FUNDING PROPOSALS FOR COUNTRIES WITH UN SANCTIONED REGIMES**

The GCF Board policy on sanctions, is to ensure compliance with UN financial sanctions, as expressed in the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy (GCF/B.18/20) and the Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (GCF/B.23/22). As such funding proposals submitted to GCF must comply with sanctions measures set out in the sanctions regimes established by the United Nations Security Council. Upon confirmation by the GCF task team (Division of Mitigation and Adaptation, the Private Sector Facility) in consultation with the Office of Risk Management and Compliance and the Independent Integrity Unit, if a proposal is



submitted to GCF for funding for a country with a United Nations Security Council sanctions regime,<sup>39</sup> the AE must either submit a signed letter confirming that according to its assessment of the sanctions regime, the proposed activities are not subject to, or affected by, United Nations Security Council sanctions; or, in cases where proposed activities may be subject to, or affected by, United Nations Security Council sanctions, the AE must submit, at a minimum, a preliminary clearance/exemption letter from the respective United Nations Security Council Sanctions Committee in order for it to be considered complete. In addition, the proposal must include information from the Sanctions Committee on how frequently such exemption letters would be required with respect to funded activities that detail, for example, procedures for the procurement of goods and services and associated costs. Additional conditions may be required to be fulfilled either prior to approval or after approval, as appropriate.

## 4.5 INFORMATION DISCLOSURE

### Timelines and requirements for disclosure of environmental and social safeguards

The GCF Information Disclosure Policy (IDP) and the AMAs require AEs to comply with the provisions of the IDP and the GCF Environmental and Social Policy of disclosing ESS-related risks in projects/programmes. AEs should consider the environmental and social impacts of their proposed projects at an early stage of project development and disclose such information to the GCF Secretariat and should also make such information available to the general public in target areas. The IDP also states that such information shall be disclosed to the Board and active observers by specified deadlines (see **Table 8**). It should be noted that there are two separate disclosure requirements to be met before the deadline: (i) public disclosure via the website of the AE and in locations convenient to affected peoples; and (ii) notification sent to Board members and active observers via the Secretariat. Both obligations must be fulfilled for the project proposal to be presented to the Board.

**TABLE 8. ENVIRONMENTAL AND SOCIAL SAFEGUARDS CATEGORIES AND REQUIREMENTS**

ESS CATEGORY	ESS REPORTS	DISCLOSURE DEADLINE <sup>a</sup>
Category A	ESIA and ESMP	At least 120 calendar days in advance of the decision by the board of the AE or the GCF Board, whichever occurs first
Category I-1	ESMS	
Category B	ESIA and ESMP	At least 30 calendar days in advance of the decision of the board of the AE or the GCF Board, whichever occurs first
Category I-2	ESMS	
Category C	N/A	N/A
Category I-3		

*Abbreviations:* AE = accredited entity, ESIA = environmental and social impact assessment, ESMP = environmental and social management plan, ESMS = environmental and social management system, ESS = environmental and social safeguards, N/A = not applicable.

<sup>a</sup>There must be at least 120 or 30 calendar days, as the case may be, between the disclosure deadline and the decision of the AE or the GCF Board. For category A or I-1, the disclosure deadline is "day 0", the disclosure period is from day 1 to day 120, and the first day of the AE board or GCF Board meeting (i.e. formal GCF Board meeting) is day 121. For category B or I-2, the disclosure deadline is day 0, the disclosure period is from day 1 to day 30, and the first day of the AE board or GCF Board meeting is day 31. The disclosure deadline refers to midnight Korean standard time (KST) on that day. In case the deadline falls on a weekend or an official GCF holiday, the deadline will be moved to the immediately preceding working day.

<sup>39</sup> See <<https://www.un.org/securitycouncil/sanctions/information>>.

---

The deadlines for information disclosure (taking into consideration the date of the GCF Board meeting) are regularly published on the GCF website as part of the funding proposal timeline for an upcoming Board meeting. The AE must take account of the fact that the Secretariat needs time to review, finalize and send out the disclosure notifications and forms to relevant entities, before or by the deadline. Forms received by the Secretariat's IDP team after 6 p.m. Korean standard time (KST) on the day of the disclosure deadline will be processed on the next working day; however, the Secretariat would not be responsible for any noncompliance findings.

AEs are required to submit an ESS report disclosure form, which is a communication tool, confirming compliance with the disclosure requirements. The form must include links to ESS disclosure documents on the website of the AE, as well as information related to disclosure in physical locations convenient to affected peoples (e.g. town halls or government offices near the places where affected peoples are located) within the stipulated deadlines. The form must also state the date(s) and language(s) of disclosure, for example, English and the local language (if not English). AEs are required to submit the forms to the Secretariat prior to the deadline.

Please see section H of Part II of Programming Manual for further information on the ESS report disclosure form and how to fill it in.

### Disclosure requirements for sub-projects within a programme

If a programme, composed of several component subprojects, is being submitted for consideration of GCF funding, GCF will require that the highest risk category of the component subproject will be considered as the overall risk category of the programme. GCF will require the intermediaries to manage the environmental and social risks associated with the supported activities. In this regard, the intermediaries will review all subprojects and delegated activities, identify where the entities and GCF could be exposed to potential risks, and take necessary actions, including the development and implementation of an environmental and social management system to oversee and manage these risks, which is submitted with the funding proposal.

## STAGE 5: FUNDING PROPOSAL REVIEW PROCESS: SECRETARIAT AND INDEPENDENT TECHNICAL ADVISORY PANEL

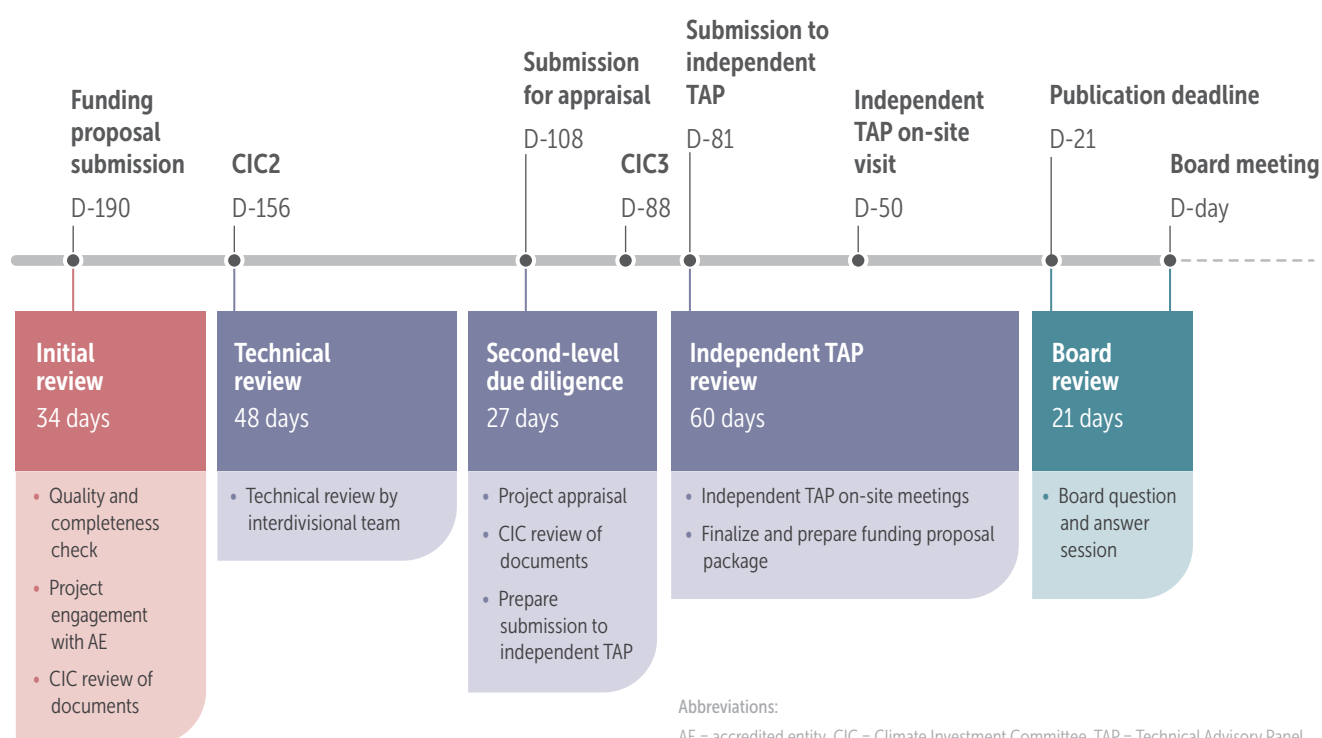
Stage 5 covers the review of a submitted funding proposal, which includes the Secretariat review and independent Technical Advisory Panel (TAP) review and comprises several steps.

### Key milestones

The review of funding proposal submissions to GCF is moving from a batch basis to a rolling basis. As a result, there will no longer be submission deadlines for proposals ahead of Board meetings. Instead, deadlines will be published related to the dates by which projects need to be ready for key processes that take place shortly before Board meetings, such as the last submission date for the independent TAP review. It should be noted that as part of the rolling review process, projects will be sent to TAP as and when they are ready, without targeting a particular Board meeting.

The GCF Board meets approximately three times a year to approve funding proposals; the dates of its meetings are tentatively fixed at the beginning of each year. Therefore, the accredited entity (AE) should plan for the time required to undertake the funding proposal assessment if the AE intends for the project to be presented at a specific Board meeting. In order for a funding proposal to be considered at a specific Board meeting, the completed funding proposal, along with the necessary annexes, should be submitted to the Secretariat well in advance of the Board meeting (at least 190 days) to allow sufficient time to complete the Secretariat review and independent appraisal and ensure that the proposal is ready for submission to TAP (see **Figure 12** and **Table 9** for an illustration of the indicative timeline and related assumptions for the review of funding proposals). These key milestones are further discussed in this chapter.

**FIGURE 12. INDICATIVE TIMELINE FOR THE REVIEW OF FUNDING PROPOSALS**



**TABLE 9. ASSUMPTIONS UNDERLYING THE INDICATIVE TIMELINE USED BY THE SECRETARIAT**

STEP	PROCESS/MILESTONE	TYPE	RESPONSIBLE ENTITY	CALENDAR DAYS	DAYS FROM BOARD MEETING	ASSUMPTIONS
<b>Generic funding proposal timeline</b>						
1	<b>Funding proposal submission</b>		<b>AE</b>	<b>0</b>	<b>D-190</b>	<b>Funding proposal is of high quality and ready for submission to CIC2</b>
	Quality and completeness check	Process	IPT-OS	7		
	Project engagement with AE	Process	IPT-OS	21		Minimal modifications, mostly related to CIC2 preparations
	CIC review of documents	Process	CIC	6		
	<b>CIC2</b>	<b>Milestone</b>	<b>CIC</b>		<b>D-156</b>	<b>Funding proposal may bypass CIC2 and be submitted directly for technical review if it has already cleared CIC2 as a concept note</b>
2	Technical review	Process	IPTR	48		One iteration with the AE (2 weeks GCF, 2 weeks AE, 2 weeks GCF)
	<b>Submission to ORMC appraisers</b>	<b>Milestone</b>	<b>IPTR</b>		<b>D-108</b>	
3	Project appraisal	Process	ORMC	14		Independent recommendation to CIC3
	CIC review of documents	Process	CIC	6		
	<b>CIC3</b>	<b>Milestone</b>	<b>CIC</b>		<b>D-88</b>	
	Prepare submission to independent TAP	Process	IPTR	7		
	<b>Submission to independent TAP</b>	<b>Milestone</b>	<b>IPTR</b>		<b>D-81</b>	
4	Independent TAP review	Process	Independent TAP	30		
	Independent TAP on-site meetings	Process	Independent TAP	10		Timing may vary based on independent TAP meeting dates
	Finalize and prepare funding proposal package	Process	IPTR	20		
5	<b>Publication</b>	<b>Milestone</b>	<b>IPTR</b>		<b>D-21</b>	
6	Board review	Process	Board	21		
	<b>Board meeting</b>	<b>Milestone</b>	<b>Board</b>		<b>D-0</b>	
				<b>190</b>	<b>Minimum days from funding proposal submission to Board meeting</b>	

Note: Funding proposals will be processed on a rolling basis. However, an indicative timeline is provided for seeking project approval at a specific Board meeting.

*Abbreviations:* AE = accredited entity, CIC = Climate Investment Committee, IPT-OS = interdivisional project team – origination and structuring, IPTR = Interdivisional Project Team Review, ORMC = Office of Risk Management and Compliance, TAP = independent Technical Advisory Panel

Based on the Board meeting dates, the Secretariat regularly publishes on the GCF website the following key milestones that AEs need to consider:

- The deadline for submission of funding proposals to the independent TAP;
- The TAP on-site meeting dates;
- The deadline for disclosure of environmental and social safeguards reports for category A/I-1 and B/I-2 projects/programmes;
- The GCF publication deadline by which all documents need to be published on the GCF website for consideration by the Board; and
- GCF Board meeting dates.

## FUNDING PROPOSAL REVIEW PROCESS

Although the Secretariat's advisory support to partners starts from origination and includes upstream information and advisory services on project/programme eligibility and structuring (proposal approval process (PAP) stages 1, 2, 3 and 4), the Secretariat's review is a formal assessment process that starts with the initial review of a project's concept, continues with the technical review of the full funding proposal package, and the independent appraisal conducted by the Office of Risk Management and Compliance (ORMC) and ends when the funding proposal is submitted to the independent TAP and the Board for approval (PAP stage 5). The total time required to process the funding proposal from step 5.1 to step 5.5 is estimated at approximately 190 days; however, this time frame is estimated assuming that the full funding proposal package is sent with the first submission and taking into consideration the swift turnaround time for the comments sent by the Secretariat to the AE.

As the funding proposals are submitted on a rolling basis, the Secretariat reviews and assesses funding proposals in the order in which they are received. During the review process, the proposals are reviewed in the following order:

1. Revisions and resubmissions of complete funding proposals (completed FP template with all necessary annexes, including NOLs and draft term sheet);
2. New complete funding proposals with a previous concept note endorsed;
3. New complete funding proposals originated or supported through readiness, strategic programming approaches, the Project Preparation Facility (PPF) and requests for proposal;
4. New complete funding proposals without a prior concept note; and
5. Incomplete funding proposals.

The time taken to conduct the review is dependent on the quality of the funding proposals at entry, while the progress of those proposals through the review system depends on several considerations, such as how the Secretariat's comments have been addressed, the response time of the AE, and the provision of additional annexes, among others. The indicative timeline for each review stage (initial review, technical review, independent appraisal and independent TAP review) is presented in **Table 9**.

---

The Secretariat funding proposal review includes the following three steps:

1. Initial review/assessment of the concept/project idea/draft funding proposal against the GCF investment criteria and applicable Board decisions followed by clearance to proceed to technical review: led by the Task Manager, the origination and structuring team, and the Climate Investment Committee (CIC2<sup>40</sup>);
2. Detailed technical assessment of the full funding proposal package through an interdivisional review: led by the Task Manager and the IPT, which includes representatives from other divisions and offices, such as the Division of Country Programming, ORMC, the Finance Team, the Office of Portfolio Management and the Office of the General Counsel; and
3. Independent appraisal of the funding proposal (second-level due diligence) and clearance for the funding proposal to proceed to the independent TAP review: led by ORMC and CIC (CIC3).

## 5.1 INITIAL REVIEW

The interdivisional project team: origination and structuring (IPT-OS) undertakes an initial review of the project, which is captured in the funding proposal feedback form. This feedback is shared with the AE with a request to provide responses to any comments, questions and necessary clarifications regarding the content of the proposal. The initial feedback for the AE is sent by the Secretariat within approximately 30 days from the submission of the funding proposal to the dedicated email service account of the AE.

The AE is expected to refine the proposal and address any information gaps so that the proposal is sufficiently advanced for the next stage.

After the AE makes the necessary revisions and all the technical and policy issues raised by the origination and structuring team are addressed, the funding proposal is then sent to CIC for clearance to proceed to full interdivisional review by the interdivisional project team. CIC then determines whether to:

1. Endorse the funding proposal and proceed to interdivisional review; or
2. Not endorse the funding proposal and recommend further refinement or improvement, including the possibility of support from the PPF.

CIC2 considers how the project is aligned with GCF policies and priorities, namely whether it is a strategic fit with GCF portfolio-level goals and resource allocation objectives. It also conducts a preliminary evaluation of the funding proposal against the GCF investment criteria, including the Investment Criteria Scorecard, with a particular focus on climate impact potential, paradigm shift potential and country ownership; and considers the alignment of the funding proposal with country programmes and entity work programmes and whether the project provides an opportunity to promote complementarity and coherence with other climate funds. CIC2 then decides whether the funding proposal should be sent for interdivisional review. **Figure 13** provides an overview of the key elements considered by the origination and structuring team and CIC2.

---

<sup>40</sup> CIC clearance is only required if the concept note was not submitted or not cleared by CIC at the concept note stage.

**FIGURE 13. KEY ELEMENTS FOR CONSIDERATION AS PART OF THE PROJECT/PROGRAMME REVIEW BY THE ORIGATION AND STRUCTURING TEAM/ CLIMATE INVESTMENT COMMITTEE 2**



CIC then determines whether to: (i) endorse the funding proposal for further development; (ii) not endorse the funding proposal but recommend further refinement or improvement, including with support from the PPF, with a possibility of resubmission; or (iii) reject the concept note.

Relevant information assessed by CIC includes:

- Project description (objective, activities, amount of requested GCF funds, sources and use of funds, the AE, co-financing and the preliminary environmental and social safeguards category);
- Theory of change;
- Impact potential (for mitigation: estimate of emission reduction in tCO<sub>2</sub>eq and methodology used, emissions baseline, and identification of sources of emission reductions; and for adaptation: number of beneficiaries, identification of current or future climate impacts, and anticipated adaptation benefit streams);
- Paradigm shift potential;
- Country ownership (alignment with the national climate change strategy, coherence with existing policies, capacity of the AE/executing entity to deliver, and stakeholder consultations and engagement);
- Strategic fit with GCF portfolio-level goals;
- Consistency with GCF's policies and the accreditation scope and capacity of the AE to deliver projects;
- Preliminary assessment against GCF investment criteria using the Investment Criteria Scorecard for funding proposals and qualitative ratings by the task team for concept notes; and
- Strengths of the funding proposal and any challenges that must be addressed.

For projects that are not recommended for interdivisional review, the origination and structuring team will further work with the AEs in reshaping the proposals so that they meet GCF requirements.

To ensure full transparency, the Secretariat is continuously enhancing its IPMS, in order to provide real-time information on project status to all interested parties.

## 5.2 TECHNICAL ASSESSMENT AND DETAILED REVIEW OF THE FUNDING PROPOSAL

After the CIC clearance to proceed to inter-divisional review and completeness check of FP package by the task team, the funding proposal is shared with broader review team IPTR. IPTR reviews various elements of the funding proposal, such as the environmental and social safeguards, greenhouse gas emission calculations, economic and financial analyses, risk and compliance assessment, detailed budget and logical framework. Prior to the funding proposal entering the technical review stage, all funding proposal annexes, including the term sheet, have to be completed and all comments raised by CIC must be addressed by the AE.

During this stage, the AE is expected to respond to any comments and questions from IPTR. This step often involves several exchanges between the AE and IPTR for revisions and resubmissions of funding proposals, as deemed necessary. To expedite this review, it is necessary for the AE to respond to the Secretariat's questions in a timely manner.

**Box 6** provides information on the funded activity agreement term sheet and schedules.

### BOX 6. TERM SHEET, FUNDED ACTIVITY AGREEMENT AND SCHEDULES

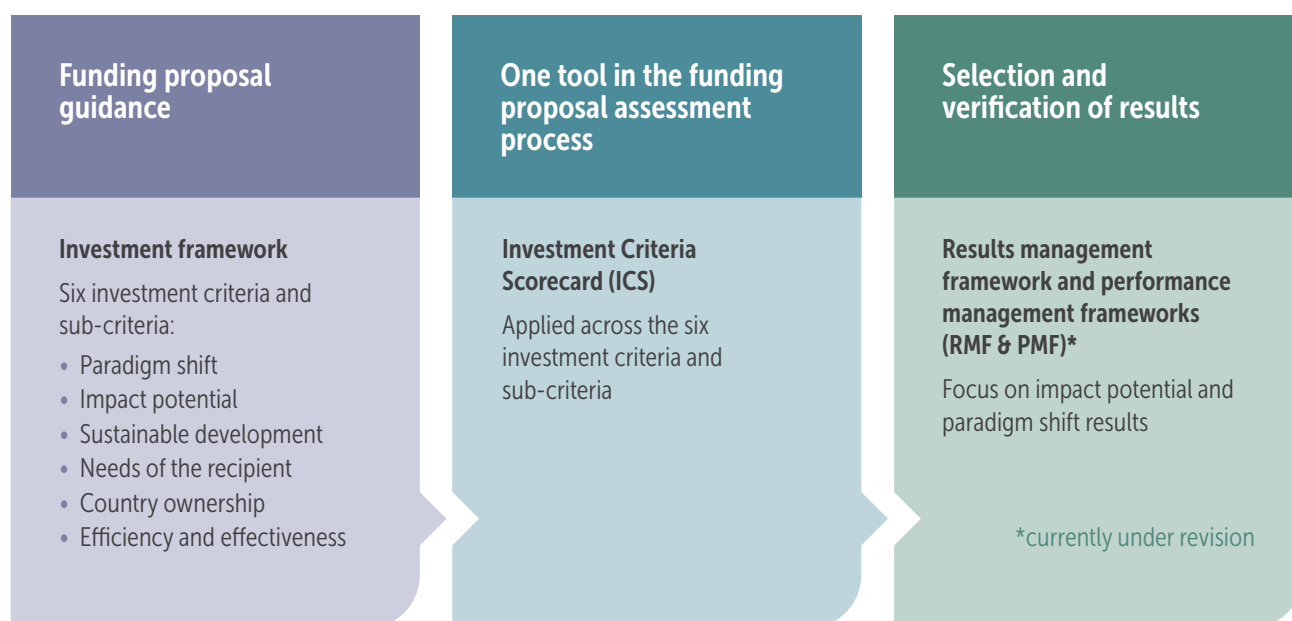
A term sheet is a document that sets out the key terms and conditions, covenants, implementation arrangements and other legal obligations of the accredited entity (AE) and the executing entity for the implementation of the proposed project. It is negotiated and agreed between the AE and GCF before the funding proposal is submitted to the Board for its consideration and approval. The term sheet is part of the funding proposal package (annex 14) and, for private sector projects, often contains confidential information, in which case it is shared as a limited distribution document to Board members and advisers. The term sheet is the basis for drafting the funded activity agreement (FAA). Once the term sheet has been agreed by the AE and the Secretariat, the FAA can be drafted. Pursuant to the accreditation master agreement, the FAA shall be materially consistent with the relevant approved funding proposal and the term sheet. The FAA includes schedules, reflecting information provided in the funding proposal. Additional information requested at the FAA stage is encouraged to be submitted as part of funding proposal package. Please see stage 7 in Part I of the Programming Manual for more information on the FAA stage and required documentation.

GCF applies the investment framework criteria across the entire programming and funding proposal cycle by developing sectoral guidance to inform programming, assessing and screening funding proposals against the investment criteria, and measuring project results against applicable investment criteria. **Figure 14** outlines how the investment framework is applied ex-ante and ex-post across the funding proposal cycle.

The GCF Secretariat assesses the anticipated performance and potential of a funding proposal against the investment criteria and activity-specific subcriteria using an Investment Criteria Scorecard (ICS), which is regularly updated in line with Board decisions.<sup>41</sup> The ICS tool scores the funding proposal on each of the investment criteria based on the alignment of the funding proposal with the respective criterion.

<sup>41</sup> ICS is a companion project development and assessment tool to the Programming Manual. Version 2.0 will be made available to AEs following its finalization.



**FIGURE 14. APPLICATION OF THE INVESTMENT FRAMEWORK ACROSS THE PROGRAMMING CYCLE**

The output of the technical review is the Secretariat assessment findings, which form part of the funding proposal package sent to the Board. **Table 10** provides an overview of the elements involved in the technical review.

**TABLE 10. ELEMENTS OF THE TECHNICAL REVIEW CONDUCTED BY INTERDIVISIONAL PROJECT TEAM**

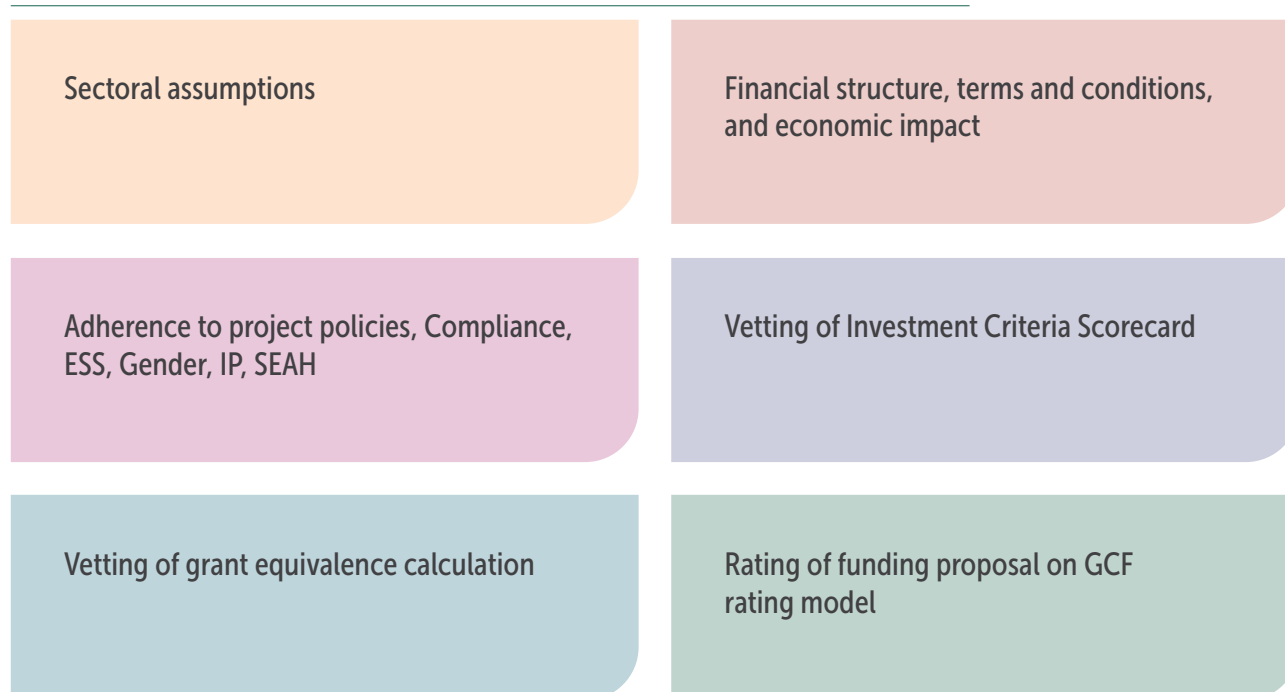
ELEMENTS OF THE FUNDING PROPOSAL TECHNICAL REVIEW	
1. Alignment with GCF policies and Board decisions	Environmental and social safeguards, including the Environmental and Social Policy
	Gender Policy
	Indigenous Peoples Policy
	Anti-money-laundering/countering the financing of terrorism and prohibited practices
	Fiduciary principles and standards
	Policy on Co-financing
	Policy on Fees

ELEMENTS OF THE FUNDING PROPOSAL TECHNICAL REVIEW	
2. Frameworks: Investment criteria, Results Management Framework, Risk Management Framework	Impact potential
	Paradigm shift potential
	Sustainable development potential
	Country ownership
	Needs of the recipient
	Efficiency and effectiveness
3. Technical assessment	Impacts, and technical solutions and measures proposed as part of the project activities
4. Other project appraisal elements	Financing arrangements (including foreign exchange risks and mitigants)
	Financial investment risk
	Financial viability and cost analysis
	Concessionality and incremental cost
	Market analysis including regulations, policy and country-specific factors
	Terms and conditions, including the term sheet, budget and fee structure
	UN Sanctions
5. Legal assessment	Taxes or any exemptions thereof
	Regulatory requirements
	Legal structure and implementation arrangement and deviations from the AMA
	Legal due diligence performed by the accredited entity
6. Execution risk assessment	Implementation arrangements, including monitoring, reporting and verification
	Operation and maintenance plan
	Procurement plan
	Project execution risk
	Capacity of the accredited entity/executing entity to implement the project
	Insurance
	Foreign exchange risk

### 5.3 SECOND-LEVEL DUE DILIGENCE BY THE OFFICE OF RISK MANAGEMENT AND COMPLIANCE AND CLEARANCE TO PROCEED TO THE INDEPENDENT TECHNICAL ADVISORY PANEL

This step includes an independent assessment of the funding proposal package by ORMC. It ensures independent second-level due diligence within the Secretariat, and an independent recommendation from ORMC is a necessary step for CIC to send the funding proposal to the independent TAP. The full funding proposal package, including an advanced draft of the term sheet, the Secretariat assessment findings and ICS tool results compiled by the task team, is sent to ORMC by the interdivisional project team. ORMC then completes its review in the form of independent recommendation(s)/memo. The appraisal findings are presented to CIC3. CIC considers the appraisal findings as one of key inputs in its decision-making on whether the funding proposal should proceed to independent TAP review. The key elements of the appraisal are outlined in **Figure 15**.

**FIGURE 15. KEY ELEMENTS OF THE PROJECT/PROGRAMME APPRAISAL CARRIED OUT BY THE OFFICE OF RISK MANAGEMENT AND COMPLIANCE**



*Abbreviations:* ESS = environmental and social safeguards, SEAH = prevention and protection from sexual exploitation, sexual abuse, and sexual harassment.

The independent appraisal of the funding proposal is conducted by an independent unit within ORMC and includes the following considerations:

- Fit with the GCF investment criteria;
- A second opinion on sector-specific factors in a project proposal;
- Economic impact of the funding proposal;
- Financial terms and conditions as outlined in the term sheet;
- Risk assessment and compliance;
- Environmental and social safeguards;
- Gender mainstreaming and Indigenous peoples; and
- Any other information requested by CIC.

---

The independent assessment also includes the following elements:

- Checking the sectoral assumptions underpinning a project proposal and reviewing the fit with the GCF investment criteria;
- Conducting a risk assessment, including a review of the risk section of the Secretariat assessment based on the term sheet, grant equivalence calculation, financial models, and probability of project success; and
- Conducting other independent reviews, such as compliance, environmental and social safeguards (to address any changes to the funding proposal after completion of the Secretariat assessment) and adherence to GCF policies and standards.

This step takes approximately 10 working days. The output of the independent appraisal is the memo shared with CIC.

As the project appraisal is to be based on the complete funding proposal package and the Secretariat's interdivisional assessment of the funding proposal, the AE is not required to submit any additional documents for the appraisal. There is no interaction with the AE during this appraisal period.

Once ORMC has completed the independent appraisal of the funding proposal, the full funding proposal package, including the Secretariat assessment findings, independent memo from ORMC and term sheet, is sent to CIC.

**CIC3** reviews funding proposals that have completed the Secretariat's technical review and have been assessed by ORMC as being ready for review by the independent TAP and Board approval. CIC3 decides whether the funding proposal should be sent to the independent TAP and ultimately the Board, or whether it should be sent back to the AE for revision and a possible resubmission. A positive assessment of a project/programme by the Secretariat is a necessary condition for the funding proposal to be submitted to the independent TAP.

CIC considers the following documents/information when making its decision:

- Draft of the Secretariat assessment;
- Financial terms and conditions (e.g. instrument, interest rate, tenor, grace period, commitment fee, service charge, AE fee and project management costs);
- Level of mobilization of non-GCF funds in alignment with any policies and decisions;
- Advanced draft of the term sheet, including eligibility criteria, disbursement plan, financial structure, implementation arrangements, and any available conditions and covenants. While it is understood that the term sheet may still be under negotiation, any substantive changes to the term sheet following CIC3 clearance will require further approval by CIC3, and
- Output of the ORMC appraisal of the funding proposal.

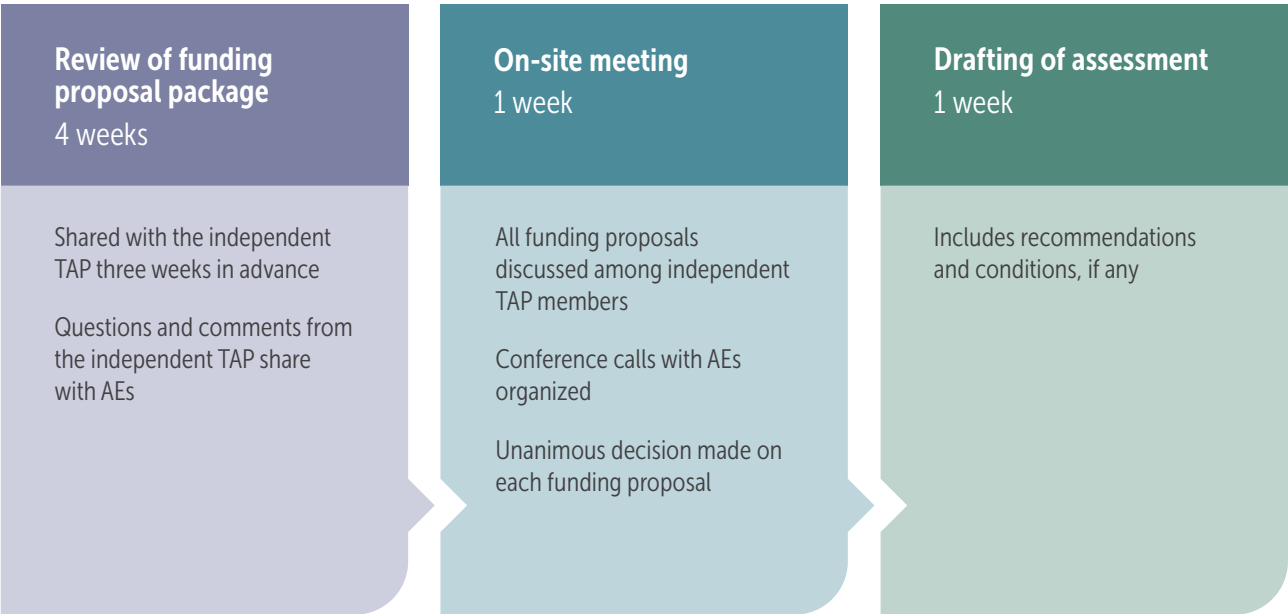
More information on CIC and its expected outputs and scope of work is provided in annex II to Part II of the Programming Manual.

5.4 ASSESSMENT BY THE INDEPENDENT TECHNICAL ADVISORY PANEL

The independent TAP is responsible for conducting technical assessments of funding proposals, separately and independently from the Secretariat. The independent TAP recommendation is a mandatory requirement for a funding proposal to be presented to the Board. The independent TAP consists of six members: three from developing countries and three from developed countries, with gender balance. The collective expertise of the independent TAP covers a range of specialties related to adaptation, mitigation, the private sector, financing, development and implementation of projects in developing countries. The members of the independent TAP are appointed by the Board for a term of three years, with the possibility of renewal.

The independent TAP conducts its assessment in three steps: (i) funding proposal review; (ii) on-site visit; and (iii) drafting of the assessment to be shared with the Board (see **Figure 16**).

FIGURE 16. INDEPENDENT TECHNICAL ADVISORY PANEL ASSESSMENT



Abbreviations: AE = accredited entity, TAP = Technical Advisory Panel.

5.4.1 FUNDING PROPOSAL REVIEW

As stated in its terms of reference, the independent TAP conducts technical assessments of funding proposals submitted through the Secretariat by the AEs, and provides its analysis and recommendations to the Board.

It operates as an independent technical advisory body to the Board and is accountable to the Board, not the Secretariat.

Once the funding proposal has been cleared by CIC3 to proceed to independent TAP review, the full funding proposal package is shared with the independent TAP. The TAP assigns a lead reviewer and a back-up reviewer to each FP.

---

The independent TAP conducts the technical assessments of the performance of proposed projects/programmes against activity-specific criteria, as defined in the GCF initial investment framework.<sup>42</sup>

The independent TAP takes approximately up to four weeks to review funding proposals shared by the Secretariat, during which it performs a technical assessment of the submitted funding proposal and supporting documentation. During this period, the independent TAP may also send questions for clarification to the AE through the Secretariat, and the AE is requested to provide its responses to those questions and comments within the suggested time frame.

#### 5.4.2 ON-SITE VISIT

In the fifth week, the independent TAP makes an on-site visit to the GCF Headquarters in Songdo, Republic of Korea, to determine whether the proposed project/programme should be recommended for Board consideration. During this visit, the independent TAP engages in extensive discussions and consultations internally and with the Secretariat and the AEs. Conference calls are arranged with the AEs for question and answer sessions on each funding proposal.<sup>43</sup>

During this review stage, the independent TAP may request the AE to provide additional information, such as specific studies, market analysis, or clarifications of greenhouse gas emission calculations, and may request the AE to revise the funding proposal accordingly. For the independent TAP to provide a positive recommendation for the funding proposal to proceed to Board approval, each funding proposal has to be endorsed by the independent TAP by consensus.

#### 5.4.3 INDEPENDENT TECHNICAL ADVISORY PANEL ASSESSMENT

Following the on-site meeting, the independent TAP drafts an assessment for each funding proposal and shares it with the Secretariat. The Secretariat facilitates the response from the AE to the independent TAP assessment and recommendations. The independent TAP assessment and the responses of the AE are included in the funding proposal package that is presented to the Board.

During its assessment of the funding proposal, the independent TAP may also propose conditions to be met by the AE before (i) the signing of a funded activity agreement; (ii) the first disbursement; or (iii) at any other stage proposed by the independent TAP.

The independent TAP review output is the independent TAP assessment findings, which contain a review of the project against the GCF investment criteria and its recommendation as to whether the project should be endorsed by the Board.

Consistent with its terms of reference, the independent TAP, when conducting its assessment, focuses on the six GCF investment criteria. However, the independent TAP may also consider ESS and credit/commercial risks, if those risks are likely to impact on the delivery of the six investment criteria. The independent TAP has recently been holding learning sessions on specific topics for the AEs during Board meetings, where its findings and suggested best practices/approaches are presented. Such sessions are recorded and made available on the GCF website. Some of this information is also captured in annex I of the Programming Manual.

---

<sup>42</sup> Annex III to decision B.09/05.

<sup>43</sup> The actual dates of the independent TAP meeting at the GCF Headquarters are agreed by its members ahead of each Board meeting and published on the GCF website.

#### 5.4.4 CONDITIONS FOR FORWARDING A PROJECT FOR CONSIDERATION BY THE BOARD

The Board has requested the Secretariat to submit for its consideration only those funding proposals that are either:<sup>44</sup>

1. Submitted to the Secretariat by entities accredited by the Board that have signed accreditation master agreements; or
2. Submitted to the Secretariat in response to requests for proposal issued by GCF; and
3. Issued with a recommendation to proceed for Board consideration by both the Secretariat and the independent TAP.

**Box 7** explains the procedure following non-endorsement of a funding proposal.

#### **BOX 7. WHAT HAPPENS IF EITHER THE SECRETARIAT OR THE INDEPENDENT TECHNICAL ADVISORY PANEL DOES NOT ENDORSE THE FUNDING PROPOSAL?**

If either the Secretariat or the independent Technical Advisory Panel does not recommend the funding proposal, as per decision B.17/09, paragraphs (i) and (j), the funding proposal will no longer be considered in its current form or submitted to the Board for consideration. The Secretariat will notify the accredited entity of the reasons for the funding proposal not being endorsed and will provide options for further action. The accredited entity can then decide whether to initiate further action in relation to the funding proposal. Actions that can be taken by the accredited entity include:

1. Addressing the comments by the independent Technical Advisory Panel or the Secretariat and resubmitting the funding proposal; or
2. In coordination with the national designated authority, withdrawing the submission.

### 5.5 PUBLICATION OF THE FUNDING PROPOSAL PACKAGE ON THE GCF WEBSITE AND SUBMISSION TO THE BOARD

Upon completion of the independent TAP assessment, the Secretariat compiles the funding proposal package, shares it with the Board and publishes it on the GCF website.

<sup>45</sup> For public sector funding proposals, all project-related annexes are disclosed, subject to the redaction of confidential information. The AEs shall provide confirmation as to whether any such annexes (or any relevant sections therein) can be disclosed as part of the funding proposal package.

<sup>44</sup> Decision B.17/09, paragraph (d).

<sup>45</sup> Funding proposal packages published on the GCF website do not include confidential information identified by the AE.

---

Funding proposals are put together and presented for Board consideration in the following format:

1. Funding proposal package:
  - a. Funding proposal;
  - b. No-objection letter;
  - c. Environmental and social safeguards disclosure form;
  - d. Secretariat assessment;
  - e. Independent TAP assessment;
  - f. AE response to independent TAP questions;
  - g. Gender documents;
  - h. All non-confidential annexes to the public sector funding proposal;
2. Limited distribution documents:<sup>46</sup>
  - a. The list of conditions put forward either by the independent TAP or by the Secretariat;
  - b. Term sheets; and
  - c. Those annexes to the funding proposal that have been marked and/or described as confidential by the AE with reasons provided for not sharing them publicly:<sup>47</sup>

The Secretariat submits the above documentation to an upcoming Board meeting for consideration no later than 21 days before the first day of the Board meeting (known as the “publication deadline”).

## STAGE 6: BOARD CONSIDERATION AND DECISION

### 6.1 QUESTIONS AND ANSWERS FROM THE BOARD

Following the submission of the funding proposal packages to the Board at least 21 days in advance of each Board meeting, the Board members are provided with an opportunity to ask questions/seek clarifications on the funding proposals prior to the Board meeting through a dedicated question and answer platform/email account. The Board is given one week to read the documents and send questions and clarifications to the Secretariat, which are then compiled and forwarded to the accredited entities (AEs). The AEs are given one week to provide written responses to these questions, which are compiled and shared with the Board prior to the Board meeting.

---

<sup>46</sup> Limited distribution documents are circulated by email to members and alternate members of the Board, as well as advisers who have signed the confidentiality agreement. These documents include: (i) a list of proposed conditions and recommendations; and (ii) term sheets.

<sup>47</sup> Confidential documents are uploaded to a secure website, to which only members and alternate members of the Board and advisers having signed the confidentiality agreement have access.



## 6.2. INFORMATION DAY/INFORMAL BOARD MEETING

One day before each Board meeting, the Co-Chairs of the Board may organize a consultation/information day, during which the AEs may be requested to be available to be able to respond to any questions from the Board advisers or civil society organizations on their funding proposals. Active participation of the AEs during this day allows for further clarifications to be sought directly by the Board members and their advisers, thus using time more efficiently discussing each funding proposal at the Board meeting.

## 6.3 BOARD MEETING

During the Board meeting, an agenda item on consideration of funding proposals is scheduled for one of the days of the Board meeting. During this agenda item, a representative from each AE is expected to attend the session, together with the relevant Task Manager and the relevant member of the independent Technical Advisory Panel (TAP), where the funding proposal is presented and the AE or independent TAP member is requested to respond to any questions posed by the Board members and active observers.

Except for cases where all efforts to reach a consensus have been exhausted,<sup>48</sup> the Board makes a unanimous decision on each of the funding proposals. The Board can choose one of three options<sup>49</sup> when considering a funding proposal:

1. Approve the funding proposal;
2. Provide an approval that is conditional on modifications to the project or programme design, or subject to the availability of funding); or
3. Not approve the funding proposal.

After the funding proposal is approved by the Board, the Secretariat will inform the AE and the national designated authority (NDA)/focal point of the Board's decision and the next steps in relation to any agreed approval conditions.

In the case of rejection, the Secretariat will inform the NDA/focal point that they may request reconsideration of the funding proposal decision via the Independent Redress Mechanism.<sup>50</sup>

<sup>48</sup> Decision B.23/03.

<sup>49</sup> While the default rule is that the Board always seeks to approve projects by consensus, in case it is not possible, there is a mechanism to take decisions in the event that all efforts at reaching consensus have been exhausted (decision B.23/03)

<sup>50</sup> In accordance with decisions B.BM-2017/10 and B.22/22.

## STAGE 7: LEGAL ARRANGEMENTS FOR APPROVED FUNDING PROPOSALS

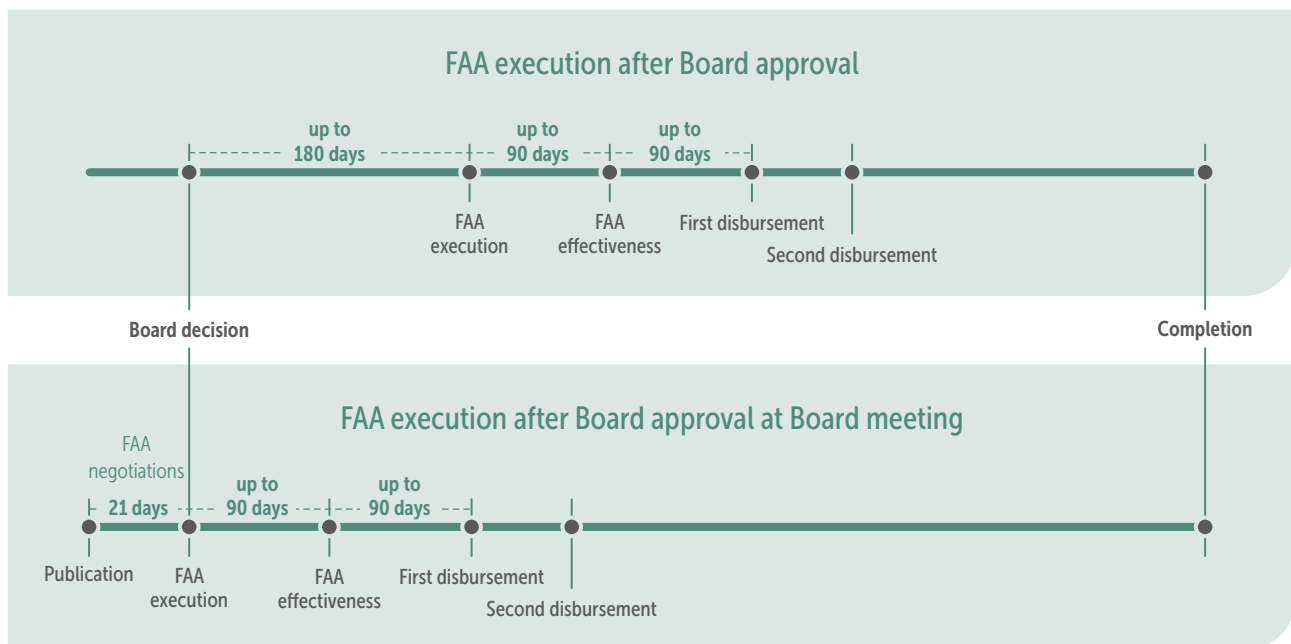
### 7.1 FUNDED ACTIVITY AGREEMENT

Each approved FP will have one or more FAAs entered into between the AE and the GCF. For example, if an AE has three (3) approved FPs, the AE will enter into three (3) FAAs with the GCF, one FAA for each FP.<sup>51</sup>

In general, the FAA negotiation and signing takes place after the FP is approved by GCF. In some cases, GCF and AE can engage in the FAA negotiation process before the FP is approved with a view to sign the FAA upon approval. This approach facilitates a prompt start of project implementation.

This stage is prescribed in the PAP Stage 7 as well as in Clause 6.02 of the AMA. The standard timelines for the FAA process are shown below.

**FIGURE 17. TIMEFRAMES FROM PROJECT APPROVAL TO COMPLETION**



Please see in **Table 11** the explanation of each milestone until the first disbursement by the GCF to the AE under a FAA.

<sup>51</sup> In some cases, an approved project may have more than one FAA tailored to the type of financial instruments provided GCF to the project such as grant, guarantee, loan and/or equity.

**TABLE 11. FUNDED ACTIVITY AGREEMENT PROCESS**

<b>FAA NEGOTIATION</b>	<ul style="list-style-type: none"> <li>• Upon approval of the FP by the GCF, the Secretariat prepares the first draft FAA, based on the approved FP and Term Sheet and sends to the AE to start the negotiation process.</li> <li>• In cases where the GCF and AE agree to start the FAA negotiation process before the FP is approved by GCF, the negotiation can take place after the FP package is published on the GCF website for GCF approval. Please see in the graph above the 21 day publication period. The non-exhaustive but the key prerequisites to start FAA negotiation prior to FP approval are:             <ol style="list-style-type: none"> <li>a. The AE has an effective AMA with GCF.</li> <li>b. The AE itself has approved the project/programme and provided a certificate of internal approval to GCF pursuant to the AMA (see Clause 4.13 of the template AMA).</li> <li>c. There are no project specific condition precedents to FAA execution in which case the FAA cannot be signed unless the AE fulfils those conditions.</li> </ol> </li> <li>• FAAs are tailored by the Secretariat to each financial instrument offered by the GCF, such as grant, loan, sub-participation, trust arrangement and also for REDD+ RBP projects.</li> <li>• The FAA must be consistent in all material respects with the approved FP and Term Sheet and sets out any other terms and conditions applicable to the relevant Funded Activity, as agreed by the AE and GCF (<b>Clause 6.03 of the template AMA</b>). Therefore, it is important to have a well-developed and comprehensive FP and Term Sheet, which makes the FAA negotiation process efficient and effective for both parties.</li> <li>• Each FAA contains standard Schedules and Annexes depending on the type of the FAA e.g. FAA for grant or for loan. Most of the Schedules reflect the terms and conditions of the approved FP and Term Sheet:             <p><b>Schedule 1.</b> Description of the GCF Funded Activity</p> <p><b>Schedule 2.</b> Budget and Disbursement Plan (prepared on GCF template)</p> <p><b>Schedule 3.</b> Implementation Arrangements (prepared on GCF template)</p> <p><b>Schedule 4.</b> Reporting Calendar</p> <p><b>Schedule 5.</b> Implementation Plan (prepared on GCF template)</p> <p><b>Schedule 6.</b> Request for disbursement (GCF template)</p> <p><b>Schedule 7.</b> Notice of Payment (GCF template)</p> <p><b>Schedule 8 and 9.</b> Financial terms and conditions for the use/administration of GCF Proceeds (if any, depending on the project and financial instrument(s))</p> <p><b>Schedule 10.</b> Eligibility Criteria (if any, depending on the project)</p> <p><b>Schedule 11.</b> Exclusion List (if any, depending on the project)</p> <p><b>Annex 1.</b> Approved funding proposal</p> </li> <li>• <b>Conditions precedent to FAA execution.</b> If the FP is approved with conditions to be fulfilled before entering into the FAA – as set out in the Term Sheet or in the Approval Decision the AE must fulfill those conditions during the FAA negotiation process.  In general, there are two non-negotiable requirements that must be satisfied in order for any FAA to be signed:             <ol style="list-style-type: none"> <li>(1) there must be a signed and effective AMA between the AE and GCF; and</li> <li>(2) the AE must have approved the relevant project/programme itself and confirmed that such approval is in place by issuing a certificate of internal approval to the GCF (refer to Clause 4.13 of template AMA).</li> </ol> </li> </ul>
------------------------	---

<b>FAA EXECUTION</b>	<ul style="list-style-type: none"> <li>• The FAA must be signed by the parties within the deadline established in the Approval Decision.<sup>52</sup> If the FAA is not agreed and signed within the relevant deadline, the approval of the relevant FP shall no longer be valid. In such cases, the Secretariat will notify the AE, the NDA/Focal Point and the Board accordingly.</li> <li>• The FAA can be signed once all conditions precedent to FAA execution are fulfilled to the satisfaction of the GCF.</li> <li>• Once the final FAA text is agreed by the GCF and the AE, the Secretariat prepares and sends the execution version of FAA to the AE, together with the signing instructions.</li> <li>• Unless the FAA is signed at a joint signing ceremony, the FAA is first signed by the AE and then countersigned by GCF.</li> </ul> <div data-bbox="384 483 1390 842" style="background-color: #e6f2ff; padding: 10px; margin-top: 10px;"> <p><b>SIGNING INSTRUCTIONS</b></p> <ul style="list-style-type: none"> <li>— AE to sign and date two (2) original copies of the FAA;</li> <li>— AE to send a scanned copy of the signed FAA via email to [dma.postapproval@gcfund.org or privatesector@gcfund.org] and to the GCF Task Manager.</li> <li>— In parallel, AE sends two (2) signed originals via courier to the GCF for countersignature;</li> <li>— Upon receipt of the scanned copy GCF will countersign on the received scanned copy of the FAA and send via email the countersigned copy; and</li> <li>— Upon receipt of the signed originals, GCF will countersign (by the same person and the same date as the electronic version) and send by courier one (1) countersigned original copy to the AE.</li> </ul> </div> <p>After FAA is signed, the GCF Trustee is notified, and the NDA/focal point is informed by the Secretariat of the signing of the FAA.</p>
<b>FAA EFFECTIVENESS</b>	<ul style="list-style-type: none"> <li>• The FAA contains a set of conditions to be fulfilled by the AE before the FAA becomes legally effective and a timeframe within which such conditions are to be fulfilled to the satisfaction of the GCF. If the conditions are not fulfilled within the established timeframe, the FAA may be terminated by GCF.<sup>53</sup></li> <li>• Standard conditions include delivery by the AE to GCF of: <ul style="list-style-type: none"> <li>(i) a duly executed copy of the FAA, and</li> <li>(ii) a legal opinion, issued by a qualified lawyer, confirming that the FAA has been duly authorized or ratified by all necessary corporate/governmental actions of the Accredited Entity, duly executed and delivered on behalf of the Accredited Entity, and is legally binding and enforceable upon the Accredited Entity in accordance with the governing law of the FAA.</li> </ul> </li> <li>• Depending on the project, there can be project specific conditions precedent to be fulfilled before FAA effectiveness.</li> <li>• Once all conditions for effectiveness have been fulfilled to the satisfaction of the GCF, the Secretariat sends to the AE a Notice of Effectiveness for the FAA.</li> </ul>
<b>FIRST DISBURSEMENT</b>	<ul style="list-style-type: none"> <li>• The FAA contains a set of conditions to be fulfilled by the AE before GCF makes the first disbursement to the AE for the implementation of the project, and a timeframe within which the conditions are to be fulfilled. If the conditions are not fulfilled within the established timeframe, committed funds may be cancelled and the FAA may be terminated by GCF.<sup>54</sup></li> <li>• The standard conditions for making the 1st disbursements generally include: (i) FAA is effective; (ii) request for disbursement has been received from the AE; (iii) a certificate that the bank account into which disbursements are to be paid into has been established and is held by the AE; and (iv) document confirming the authority of the persons authorized to sign each Request for Disbursement, together with their authenticated specimen signature. In some cases, conditions related to (iii) and (iv) above are covered by 'umbrella letters' submitted by AEs for all of their approved FPs.</li> <li>• Upon fulfilment of the relevant conditions for disbursement to the satisfaction of the GCF, the disbursement is made by the GCF Trustee to the bank account notified by the AE to the GCF.</li> <li>• The Secretariat notifies the AE when each disbursement has been made and AE confirms receipt of the relevant disbursement.</li> </ul>

<sup>52</sup> For procedures and requirements for extension of deadline to sign an FAA, please refer to GCF's Policy on Restructuring and Cancellation.

<sup>53</sup> The FAA contains a procedure by which the deadline to fulfil the conditions can be extended. Please refer to the signed FAA.

<sup>54</sup> The FAA contains a procedure by which the deadline to fulfil the conditions can be extended. Please refer to the signed FAA.

## Funding proposals approved “with condition”

As stated in Stage 6, section 6.3, the FP may be approved “with conditions”. Conditions may be established by the Secretariat, the independent TAP or the Board. Project-specific conditions may be in the form of **conditions precedent** to be fulfilled within a established timeframe (refer to **Table 11**), or in the form of **covenants**, where the obligations are to be performed by the AE during the term of the FAA.

These conditions may fall into various categories and disciplines such as legal, fiduciary, monitoring and reporting, procurement, ESS, technical, financial, exclusions, or a combination of the foregoing.

In the case of conditions precedent, they need to be fulfilled and cleared by the GCF within the allotted timeframes (see **Figure 17**).

The Secretariat tracks conditions and their fulfilment, and reports to the Board at every Board meeting as part of the funded activity portfolio report on the status of the conditions.

## Major changes to approved FP before and after FAA signing

In case the AE proposes changes to approved FP or deviations to its approved terms and conditions which may result in a Major Change before or after FAA signing, such changes will be addressed pursuant to the Policy on Restructuring and Cancellation. Please refer to section 9.3.

# STAGES 8, 9 AND 10: PORTFOLIO IMPLEMENTATION, MONITORING AND MANAGEMENT

## Overview

Portfolio implementation, monitoring and management is anchored in the Governing Instrument for the GCF, the GCF fiduciary principles and standards (environmental and social safeguards and Gender Policy), the legal agreements with accredited entities (funded activity agreements, accreditation master agreements) and the GCF monitoring and accountability framework. These policies and frameworks are designed to ensure effective implementation of GCF-funded projects and programmes that achieve expected results.

This phase of the project/programme activity cycle is comprised of three complementary stages to the initial Board-approved project approval cycle:

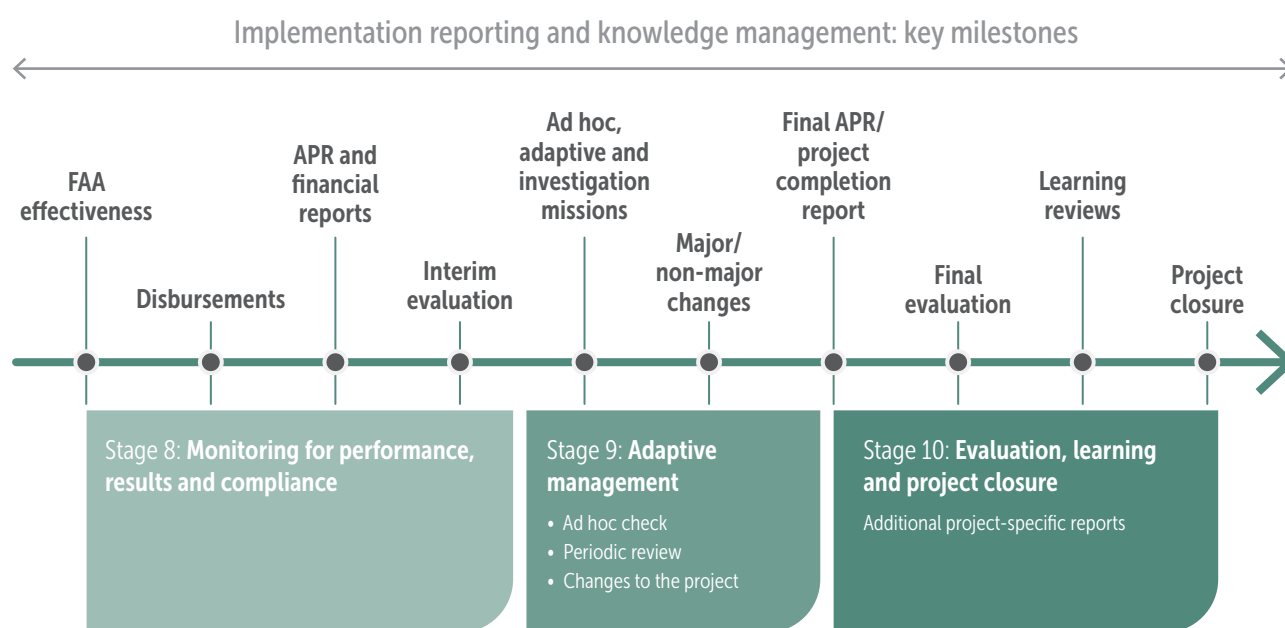
- **Stage 8:** Monitoring for performance, results and compliance;
- **Stage 9:** Adaptive management; and
- **Stage 10:** Evaluation, learning and project closure.

In line with this approach, desired outcomes and performance indicators are identified during project design; monitoring and reporting for performance takes place during project implementation; remedial measures to adapt project design and implementation are taken as required; and evaluation and learning completes the cycle before project closure. Findings from project monitoring (stage 8) are incorporated during implementation to ensure a timely and appropriate response to changes in

operating contexts and requirements (stage 9). Similarly, knowledge gathered through evaluations and reviews informs future project design processes (stage 10).

**Figure 18** provides an overview of the key milestones during stages 8 to 10 of the GCF project/programme activity cycle.

**FIGURE 18. MILESTONES DURING STAGES 8, 9 AND 10 OF THE GCF PROJECT/PROGRAMME ACTIVITY CYCLE**



*Abbreviations: APR = annual performance report, FAA = funded activity agreement.*

This section of the manual details the roles and responsibilities of the various stakeholders in executing stages 8 to 10, as well as the frameworks and policies that govern the related activities and the relevant portfolio management actions, approaches and tools applied in each of the stages.

### Roles of different stakeholders

Portfolio implementation, monitoring and management involves a series of actors with specific roles and responsibilities. These actors are critical in ensuring that GCF projects are implemented in accordance with the highest international standards and that they deliver the best possible benefits to target beneficiaries in an efficient manner. An overview of the roles of the various stakeholders is summarized in **Table 12**, with more specific details provided in the following chapters on stages 8, 9 and 10.

**TABLE 12. ROLES OF VARIOUS STAKEHOLDERS IN PORTFOLIO IMPLEMENTATION, MONITORING AND MANAGEMENT UNDER STAGES 8, 9 AND 10 OF THE GCF PROJECT/PROGRAMME ACTIVITY CYCLE**

STAKEHOLDER	ROLE
<b>Accredited entities</b>	<ul style="list-style-type: none"> <li>• Responsible for the overall management, implementation and oversight of funded activities in line with GCF standards and legal agreements</li> <li>• Ensure prudent and judicious use, administration and management of GCF proceeds</li> <li>• Ensure compliance with the monitoring, evaluation and reporting responsibilities of each funded activity in line with the legal agreements</li> <li>• Ensure that their obligations under the legal agreements with GCF are passed on to their executing entities, including monitoring, reporting and verifying that GCF standards, safeguards and policies are upheld by their executing entities when implementing GCF projects and programmes</li> </ul>
<b>National designated authorities/focal points</b>	<ul style="list-style-type: none"> <li>• Ensure continued country ownership and stakeholder engagement throughout the term of the project/programme</li> <li>• Support monitoring, evaluation and learning by working with accredited entities to plan for evaluations/reviews and impact assessments</li> <li>• Facilitate and support multi-stakeholder consultation for reporting and/or participatory monitoring, where needed, as outlined under the monitoring and accountability framework</li> <li>• Participate in performance assessment reviews and evaluation workshops and in the implementation of evaluation findings.</li> </ul>
<b>Secretariat</b>	<p>According to the Governing Instrument for the GCF (para. 23(j) and (l), respectively), the Secretariat will “carry out monitoring and evaluation functions”, and “establish and run effective knowledge management practices”. Within the Secretariat, responsibility for monitoring funded activities for performance and compliance during the implementation period lies with the Office of Portfolio Management, which:</p> <ul style="list-style-type: none"> <li>• Monitors funded activities for performance and compliance during implementation</li> <li>• Allows for an independent identification and assessment of underlying issues impacting implementation and reduces potential conflicts of interest between the origination and portfolio management functions of GCF</li> <li>• Carries out the Secretariat’s evaluation function, which includes: ensuring GCF investments at approval are adequately budgeted to undertake appropriate evaluations; providing accredited entities with guidance and standards to submit evaluation reports; reviewing all project/programme evaluations for quality, completeness and compliance with GCF policies and standards; and extracting and consolidating lessons learned and good practices for wider internal and external dissemination and to inform GCF policies, guidelines and further investment decisions</li> </ul> <p>In carrying out these functions, continuity and institutional memory are maintained by retaining the support of the same task team involved in the origination/structuring and technical review stages to resolve any emerging issues. However, after first disbursement, the project is handed over to the Office of Portfolio Management, which manages interactions with the AEs on implementation of Funded Activities.</p>

STAKEHOLDER	ROLE
GCF independent units <sup>a</sup>	<p><b>Independent Evaluation Unit</b></p> <p>In line with paragraph 59 of the Governing Instrument for the GCF, there will be periodic independent evaluations of the performance of GCF in order to provide an objective assessment of the results of GCF, including its funded activities and its effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board and to identify and disseminate lessons learned. The role of the Independent Evaluation Unit is outlined in its mandate and terms of reference<sup>b</sup></p> <p><b>Independent Integrity Unit</b></p> <ul style="list-style-type: none"> <li>• Investigates allegations of fraud, corruption, misconduct and other prohibited practices, including coercive and collusive practices, abuse, conflict of interest and retaliation against whistleblowers, to ensure that all GCF stakeholders adhere to the highest standards of integrity</li> <li>• Promotes awareness of GCF integrity standards among implementing entities, intermediaries and executing entities</li> <li>• Collaborates and shares experiences with multilateral funds, international finance institutions and other relevant parties about integrity matters</li> </ul> <p><b>Independent Redress Mechanism</b></p> <ul style="list-style-type: none"> <li>• The GCF accountability mechanism that responds to complaints by people who feel that they have been adversely affected by GCF projects or programmes that have failed to implement GCF operational policies and procedures</li> <li>• The IRM addresses requests from developing countries for reconsideration of Board decisions denying funding to a project or programme in that country</li> <li>• Handles complaints from design stage and up to two years after project closure</li> <li>• In addition, IRM has three additional functions: capacity building, outreach, and advisory functions.</li> </ul> <p><b>Information Appeals Panel (IAP)</b></p> <p>In addition to the individual work of the three independent units, GCF has an Information Appeals Panel that includes the heads of the Independent units. The panel was established to consider appeals from applicants whose information disclosure requests have been denied, contrary to the provisions of Information Disclosure Policy</p>
Other stakeholders (including civil society organizations, the private sector and the wider community)	<ul style="list-style-type: none"> <li>• Collaborate in all monitoring and evaluation activities, including providing access to projects, data and individuals relevant to GCF project and portfolio reviews, evaluations and assessments</li> <li>• Provide feedback and data needed to assess GCF performance and results and on draft monitoring and evaluation findings of GCF investment projects</li> </ul>

<sup>a</sup> Further information on the GCF independent units is available at <https://www.greenclimate.fund/about/accountability#integrity>.

<sup>b</sup> The terms of reference of the Independent Evaluation Unit are available at <https://ieu.greenclimate.fund/about-the-ieu/work-plan-and-tor>.



## STAGE 8: MONITORING FOR PERFORMANCE, RESULTS AND COMPLIANCE

### Secretariat monitoring framework and approach

Guided by the GCF monitoring and accountability framework (MAF), the Secretariat takes a risk-based monitoring approach, which uses an early warning system to provide information and flag risks related to performance and compliance.

In line with the MAF, the Secretariat's monitoring function focuses on two components:

- i. Monitoring of accredited entity (AE) compliance with GCF accreditation standards; and
- ii. Monitoring of individual funded activities (projects or programmes).

The Secretariat monitors implementation for performance and compliance across three areas: administrative and financial capacities; transparency and accountability; and project management for performance and compliance.

The Secretariat uses the following monitoring tools to provide information on performance and compliance across those three areas:

- Annual AE self-assessment;
- Midterm review of AE compliance performance;
- Annual performance reports (APRs);
- Financial reports;
- Rate of disbursement;
- Additional reporting against FAA/AMA conditions; and
- Interim evaluation reports.

Collectively, these tools provide information to the Secretariat about AE compliance with GCF policies and status of project implementation. In reviewing information gathered from monitoring tools, the Secretariat assigns risk flags to projects, the overall performance of AEs, and operating contexts. The assignment of high-risk flags triggers stage 9 of the project/programme activity cycle: adaptive management (see **Figure 19**). **Table 13** summarizes the issues monitored by GCF and the tools/modalities used in that process.

**TABLE 13. MONITORING PERFORMANCE AND COMPLIANCE:  
TOOLS AND COVERAGE**

AREA	COVERAGE	MONITORING TOOLS/ MODALITY
<b>Key administrative and financial capacities</b>	<ul style="list-style-type: none"> <li>• General management and administrative capacities</li> <li>• Financial management and accounting</li> <li>• Internal and external audit</li> <li>• Control frameworks</li> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Annual AE self-assessment</li> <li>• Annual AE audited financial statements</li> <li>• Ad hoc additional reporting</li> </ul>
<b>Transparency and accountability</b>	<ul style="list-style-type: none"> <li>• Disclosure of conflicts of interest</li> <li>• Code of ethics</li> <li>• Capacity to prevent or deal with financial mismanagement and other forms of malpractice</li> <li>• Investigations</li> <li>• Anti-money-laundering and countering the financing of terrorism</li> </ul>	<ul style="list-style-type: none"> <li>• Annual AE self-assessment</li> <li>• Midterm review of AE compliance performance</li> <li>• Annual performance reports</li> <li>• Ad hoc mid-cycle reporting</li> <li>• Annual AE self-reporting and specific action plans agreed with GCF to address identified risks</li> <li>• Interim evaluation reports</li> </ul>
<b>Project management for performance and compliance</b>	<ul style="list-style-type: none"> <li>• Project oversight and control</li> <li>• Monitoring and evaluation based on performance indicators and compliance standards</li> </ul>	<ul style="list-style-type: none"> <li>• Annual performance reports</li> <li>• Ad hoc mid-cycle reporting</li> <li>• Interim evaluation reports</li> </ul>

*Abbreviation: AE = accredited entity*

## 8.1 MONITORING TOOLS FOR PERFORMANCE AND COMPLIANCE

Monitoring of AE compliance with GCF accreditation standards: GCF monitors AE compliance with GCF standards over the accreditation period of an entity, usually a fixed term of five years, depending on the terms of accreditation, in accordance with decision B.10/07. The start of the accreditation term with GCF is the date of effectiveness of the AMA between GCF and the AE. AEs provide an annual self-assessment of their compliance with the GCF fiduciary standards, environmental and social safeguards and Gender Policy.

**The AE self-assessment** focuses on the institutional capacity of the AE relative to GCF standards. This assessment covers both the performance of the AE against basic fiduciary criteria required of all GCF AEs, and specialized fiduciary standards,<sup>55</sup> which include assessment of the institutional capacities necessary to deliver on GCF objectives in accordance with the scope of responsibilities entrusted to the AE. The AE self-assessment reports allow GCF to confirm that the policies and standards that were in place during accreditation remain in place or are being adhered to and, where necessary, are updated in line with GCF requirements. The self-assessment also seeks to ensure that any updates to AE policies in the post-accreditation period are in line with GCF standards.

<sup>55</sup> *Specialized fiduciary standards include those for project management, grant award and/or funding allocation mechanisms and on-lending and/or blending (for loans, equity and/or guarantees).*

International AEs are also required to report on the support that they have provided to direct access entities for accreditation or to build their capacity.<sup>56</sup> The annual AE self-assessment reports are submitted in conformity with a standard template developed by the Secretariat as updated periodically.

The Secretariat also conducts a **midterm review** to assess AE compliance performance at the midpoint of the accreditation period. This review is guided by standard terms of reference developed by the Secretariat and Accreditation Panel. If needed, the Secretariat and Accreditation Panel may initiate additional ad hoc compliance reviews. The midterm reviews and any ad hoc reviews are carried out by the Secretariat and Accreditation Panel, where relevant, in coordination with the AE. The Secretariat and Accreditation Panel are responsible for producing the relevant report compiled from these reviews. The Secretariat consolidates the results of the self-assessments, midterm reviews and ad hoc reviews into an annual report to the Board.

## 8.2 MONITORING OF INDIVIDUAL FUNDED ACTIVITIES (PROJECTS AND PROGRAMMES)

The **monitoring of individual funded activities** is primarily the responsibility of AEs, who in turn provide the relevant reports to GCF. The Secretariat then tracks and monitors the implementation progress and performance of each funded activity through various means, including APRs, financial reports, and the rate of disbursements.

**Reporting:** During implementation, GCF tracks and monitors implementation progress and compliance with legal conditions and covenants and international standards through various tools:

1. **APRs** are required during the implementation period, and in certain instances during the post-implementation period (if assessed as cost-effective). APRs allow for an assessment of progress and achievements while at the same time providing an opportunity for AEs to highlight any emerging challenges, including implementation delays and compliance difficulties, as well as measures being taken to address them. This facilitates tracking and support of timely resolution efforts to tackle those challenges and thus contributes to strong delivery and impact of GCF funded activities.

APRs include:

- a. A narrative report (with supporting data, as needed) on implementation progress based on the investment criteria and logical framework indicators submitted in the funding proposal. Additionally, APRs are considered against the ongoing performance of the project/programme, including in relation to: disbursement and utilization rate of GCF proceeds vis-à-vis ex-ante expectations; implementation pace versus implementation timetable and milestones; GCF investment criteria; and target results as set out in the funded activity agreement (FAA);
- b. Financial management reports containing dates and amounts disbursed for each funded activity and compliance with covenants;
- c. Excel file providing the calculations of the GHG emission reductions achieved during the reporting period and explanation of any changes in the assumptions and other aspects of the GHG estimation approach; and,

<sup>56</sup> See decision B.10/06, paragraph (i).

- d. Reporting on progress in implementing the appropriate safeguards/activities necessary for compliance with relevant GCF policies and standards,<sup>57</sup> such as environmental and social safeguards and gender requirements. This also includes any grievances reported under the grievance review mechanism and actions taken to resolve related issues.

Any issues/challenges identified from the review of the APRs are brought to the attention of the AE and corrective actions discussed. The identified issues may trigger the assigning of risk flags, ad hoc missions and major and non-major changes that may require GCF clearance and approval (see stage 9 on adaptive management).

Besides reporting to GCF, AEs are expected to share project implementation progress and ensure the participation of national designated authorities and local stakeholders, including civil society, the private sector, financiers, implementing agencies and project teams, in project monitoring activities.

- 2. **Semi-annual financial information and annual audited/unaudited financial statements** are due within 60 days after 30 June or 31 December of each year (or as agreed in the accreditation master agreement (AMA)/FAA). The reports help to confirm/reconcile the reported information on implementation progress and outputs with actual expenditure on the ground. They provide a basis for monitoring the application of GCF resources to ensure that:

- a. GCF proceeds are applied to eligible activities and are in line with the intended objectives of the project/programme; and
- b. Any reallocation of resources among activities/components is in line with the thresholds accorded to each project, as agreed with GCF and set out in the respective FAA.

Financial reports are presented in conformity with templates provided and periodically updated by GCF and include information on receipt of disbursements from GCF, the disbursements of the AE to the executing entities, actual expenditures for the funded activities vis-à-vis the ex-ante projections, as well as unused funds, investment income and any reflowed funds. The GCF templates guide AEs in their reporting in order to ensure consistency in the level of detail provided, as well as to facilitate aggregation of the information at a portfolio level. GCF may also request, as needed, additional financial information/details.

- 3. **Disbursements:** After effectiveness and subject to fulfilment of the conditions set out in the FAA, GCF disburses funds<sup>58</sup> based on the projected and documented needs of the relevant funded activity. The disbursement profile varies according to the nature of the project. The disbursement conditions include satisfactory APR reporting and submission of evidence of utilization of previously disbursed funds. These conditions enable GCF to ensure that implementation progress and performance is satisfactory and that resources are being judiciously applied to eligible funded activities in line with the legal agreements. Although disbursements are guided by the indicative disbursement schedule included in the FAA, GCF allows flexibility in the drawdown amounts and timing in response to changes in operational context, as long as this flexibility also respects the conditions attached to the disbursements. Justifiable changes in conditions attached to disbursement

<sup>57</sup> These include the investment framework, risk management framework, results management framework, Environmental and Social Policy, updated Gender Policy, Indigenous Peoples Policy, Information Disclosure Policy, Policy on Prohibited Practices, and Anti-Money Laundering and Countering the Financing of Terrorism Policy.

<sup>58</sup> Requests for first disbursement are submitted to and processed by the Division of Mitigation and Adaptation (DMA) or the Private Sector Facility (PSF), while second and subsequent disbursement requests are handled by the Office of Portfolio Management (OPM). This is in line with the transfer of project oversight responsibilities from DMA/PSF to OPM after first disbursement.

can be considered and approved by GCF, in line with the Policy on Restructuring and Cancellation (see the section of the Programming Manual on stage 9 (adaptive management)).

4. **Reporting against FAA/AMA conditions:** Additional reporting includes the submission of documents in compliance with covenants, warrants and/or funding conditions included in the FAA or AMA (e.g. related to GCF policies and standards, and project-/programme-specific conditions), which allows GCF to confirm and obtain reassurance that GCF standards and policies are being observed. Any events of non-compliance are addressed through dialogue with AEs and/or the remedial actions stipulated in the FAA and AMA.
5. **Interim evaluation reports:** The MAF requires AEs to undertake interim evaluations of all projects/programmes at the midpoint of the funded activity implementation period, unless otherwise agreed in the FAA. Evaluations apply criteria to assess progress against the GCF investment criteria, intended results and indicators/targets. The objective of interim evaluations is to:
  - a. Provide evidence and lessons learned from the implementation of projects and programmes; and
  - b. Make recommendations and improve the design, implementation and impacts of climate projects.

Evaluations<sup>59</sup> should be conducted by an independent evaluator contracted and selected by the AE, or by an independent evaluation unit of the AE. Evaluations cannot be conducted by the AE project team or the AE unit assigned to work with the GCF. The Secretariat provides guidance on standards and inputs to terms of reference for the evaluation activities (see **Annex V** for indicative terms of reference). The evaluations help to assess whether the project/programme is on track and should result in reports that, among other things:

- a. Provide an assessment of the effectiveness, efficiency and sustainability of results and the process of implementation of the funded activities; and provide recommendations for corrective actions to address identified implementation challenges/risks (for interim evaluations);
- b. Provide a verification of reported data;
- c. May recommend course-correcting adaptive management measures, including budget reallocations, partial or full project cancellations, restructuring of projects and project extensions, as applicable; and
- d. Provide opportunities to extract lessons learned and best practices that can inform implementation of similar projects and/or assess the efficacy and impact of certain measures and policies.

The evaluation reports are then submitted to GCF according to the timelines specified in the FAA, with copies of the reports forwarded by the AE to the national designated authority or focal point, as applicable.

<sup>59</sup> These evaluations are guided by the principles of independence and impartiality, transparency, participation of all relevant stakeholders (in particular communities and women), respect for the beliefs, culture and customs of the beneficiaries, and credibility.

---

## 8.3 ASSESSING INFORMATION FROM MONITORING TOOLS

In line with its risk-based monitoring approach, the Secretariat assesses information from the monitoring tools and other available sources by assigning risk flags to the following risks:

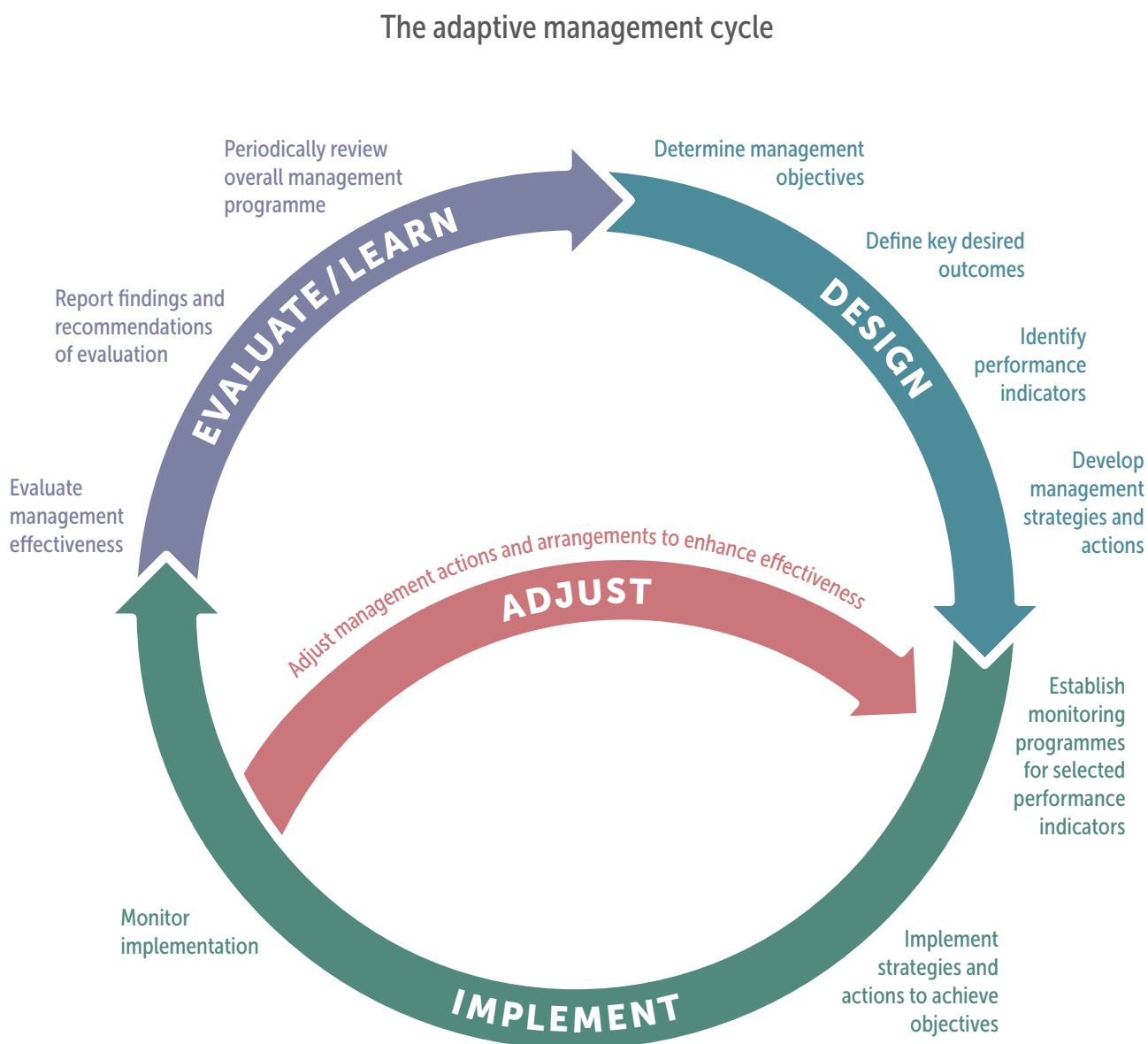
- a. Risks related to the project itself (project risk flags), such as procurement delays. Each project risk flag includes an estimation of the value of commitments at risk under the project to reflect the parts/components of the project that may be affected by delays or poor/improper execution;
- b. Risks related to the overall performance of the AE (AE risk flags). These are assigned to AEs and include the value of commitments at risk and thus all components that have been implemented across all projects in the GCF-funded portfolio of the AE. The assignment of a risk flag to an AE only occurs when there are systemic risks beyond those already captured by the project risk flags for that AE; and
- c. Risks related to the country situation (country risk flags). These reflect a significant deterioration in the economic and/or political environment in which the AE is operating (e.g. in cases of political upheaval), which might cause a temporary suspension of activities.

The risks identified above are reported as part of the GCF risk dashboard presented periodically to the Board. If the findings from the risk assessments raise concern, stage 9 (adaptive management) is triggered. The Secretariat is responsible for issuing and closing out risk flags.

## STAGE 9: ADAPTIVE MANAGEMENT

During the implementation period, GCF employs an adaptive management approach which enables project implementation and design to be adjusted in response to dynamic operating contexts and requirements. The use of adaptive management allows for timely resolution of issues and challenges as well as management of potential risks encountered during the implementation of the funded activity to help to ensure the appropriate use and management of GCF proceeds (see **Figure 19**). Some examples of changes in the operating context that may require adaptive management are provided in **Box 8**. The following sections detail the triggers for adaptive management, as well as response measures by GCF

**FIGURE 19. THE GCF ADAPTIVE MANAGEMENT APPROACH TO THE PROJECT/PROGRAMME ACTIVITY CYCLE**



Source: Adapted from DPIPWE (2014) after Jones (2005, 2009).

---

## BOX 8. EXAMPLES OF CHANGES IN OPERATING CONTEXTS THAT MAY TRIGGER ADAPTIVE MANAGEMENT

---

- i. Changes in executing entities that were originally identified to implement projects;
- ii. Challenges in obtaining the requisite skills, technology and expertise needed to effectively implement approved activities/components;
- iii. Changes in costs and/or technology warranting a review of the previously identified activities/technologies/designs, including costing and budget reallocation;
- iv. Changes in regulatory frameworks, which impact the project and the accredited entities' ability to implement the project in accordance with the approved funding proposal;
- v. Findings and recommendations of interim evaluations;
- vi. Changes or introduction of new government policies and standards;
- vii. Natural disasters that might change the appropriateness of the initially proposed intervention;
- viii. Changes in the priorities of target beneficiaries impacting the buy-in of proposed interventions/initiatives; and
- ix. Cancellation or non-implementation of a critical/synergistic initiative/component by a co-financier/government that may consequently warrant a redesign of the project.

## 9.1 ADAPTIVE MANAGEMENT TRIGGERS

There are three main triggers for adaptive management:

- 1. Risk flags arising from the GCF monitoring tools:** As mentioned in the section on stage 8, GCF uses a risk-based approach to assess information from its suite of monitoring tools (e.g. annual performance reports, financial reports, disbursements, accredited entity (AE) self-assessment, mid-cycle reporting, interim evaluations). When a risk flag has been raised, the Secretariat may undertake an ad hoc check. In line with the provisions of the monitoring and accountability framework, funded activity agreements (FAAs) and accreditation master agreements (AMAs), risk-based ad hoc checks will be conducted in coordination with the AEs and the national designated authority (NDA)/focal points (where applicable). The main objective of an ad hoc check is to allow for timely resolution by GCF of implementation challenges for effective implementation of each GCF-funded project or programme. The ad hoc checks enhance the understanding of the underlying causes of identified risks and/or implementation challenges affecting the funded activities or AEs. These could include changes in the regulatory environment, natural disasters, or changes in the priorities of the beneficiaries/government that adversely impact performance. Ad hoc missions provide an opportunity to work with the AEs and other stakeholders to better understand the challenges and formulate corrective actions and solutions in order to ensure effective and efficient delivery of the funded activities.



**2. Ad hoc AE reporting and engagement:** Outside of the normal annual performance reporting cycle, AEs have a duty to promptly inform GCF of any circumstances that may substantially interfere with the performance of their obligations under the AMA or FAA, or that may jeopardize the achievement of the objectives, outputs and outcomes of the funded activities. AEs are also expected to notify GCF of any incidents that may materially impact the reputation of GCF. GCF also conducts structured and ad hoc communication with AEs on implementation issues through physical or virtual meetings and dialogues. The Secretariat may also undertake an adaptive management mission in collaboration with AEs to assess the need for non-major or major changes. These activities enable GCF to respond to and work with AEs to promptly and effectively address or mitigate against risks such as procurement delays, corruption, or environmental and social safeguards that impact the timeliness, efficiency and effectiveness of implementation of the funded activities.

**3. Complaints to the Secretariat, the Independent Integrity Unit (IIU) and the Independent Redress Mechanism (IRM):** The Secretariat also takes adaptive management measures when complaints are received, notably in cases of integrity violations and violation of environmental and social safeguards. In this regard, Investigation visits may be undertaken as needed.

- The **IIU** investigates allegations of fraud, corruption and other prohibited practices. These include coercive and collusive practices, abuse, obstructive practices, money laundering, financing of terrorism and retaliation against whistleblowers. Reports can be made directly to the IIU. Investigation visits could be undertaken as needed. Further information is available on the IIU webpage.<sup>60</sup>
- The **IRM** responds to complaints by people who feel that they have been adversely affected by GCF projects or programmes that have failed to implement GCF operational policies and procedures. This includes allegations of failure to follow adequate environmental and social safeguards. After verifying the eligibility of the complaint, IRM engages with the relevant parties to explore options for resolving the problems raised in the complaint with the aim of reaching a mutually satisfactory outcome. If the parties are unwilling or unable to resolve the issues, IRM conducts a compliance appraisal to determine whether a compliance investigation is warranted and, if so, carries out an investigation to identify any non-compliance with GCF policies or procedures in relation to the complaint and recommends appropriate redress. IRM monitors any problem-solving agreements or compliance recommendations that result from its processes. More information may be found on the IRM web page.<sup>61</sup>

## 9.2 ADAPTIVE MANAGEMENT MEASURES

Outcomes from implementation of the adaptive management tools include measures discussed and agreed with the AE, such as:

- a. A plan of immediate remedial measures to resolve the identified issues/risks/challenges, including timelines for execution of the required actions (“cure period”) for the affected projects as well as for the AE, as applicable; and
- b. Any capacity-building support that might be needed for the AE to avoid the recurrence of similar issues over the medium term (with possible support, in coordination with the NDA, from the Readiness and Preparatory Support Programme for direct access entities).

<sup>60</sup> See <<https://iiu.greenclimate.fund/>>.

<sup>61</sup> See <<https://irm.greenclimate.fund/>>.

---

If the identified issues remain unresolved by the end of the “cure period”, the Secretariat will inform the AE of any additional measures required. The timing and nature of such measures depends on the potential impacts and risks identified, including the reputational risk to GCF. Additional measures could include:

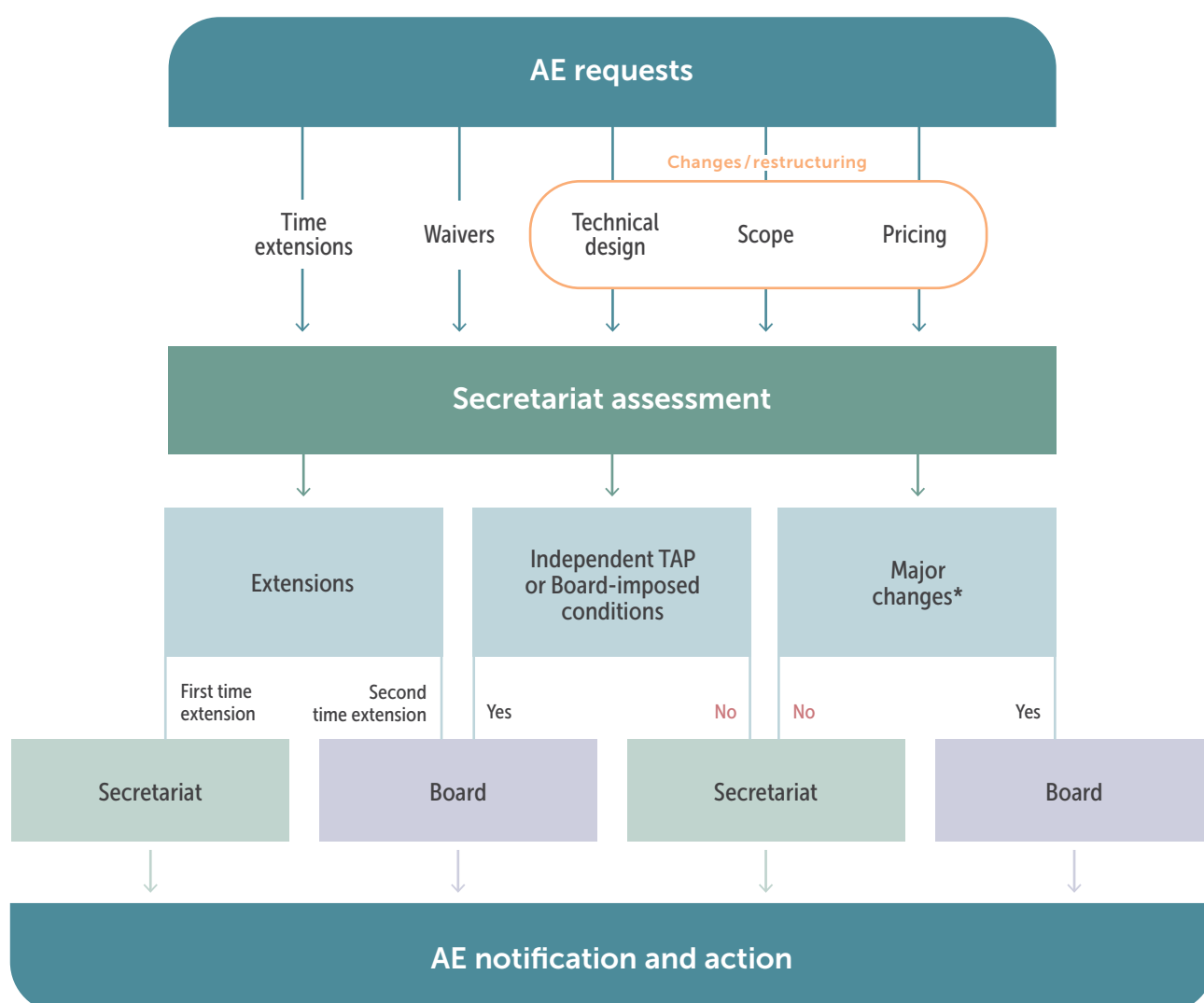
- a. Extensions of timeframes to comply with obligations or of the project implementation period;
- b. Partial or total suspension of disbursements or commitments at the project level/AE level and/or reclaiming of funds already disbursed to the AE, as appropriate;
- c. Restructuring of the funded activity; or
- d. Partial cancellation of the funded activity.

Depending on the assessment of the required remedial measures vis-à-vis the Policy on Restructuring and Cancellation, the AE may be required to seek Secretariat or Board clearance.

In cases where there is an elevated AE-level risk and persistent underperformance relative to GCF policies and standards, the AE may face the suspension, cancellation or downgrading of its accreditation status. In such instances, GCF will negotiate an orderly process for the winding down and closure of GCF-funded projects. In other instances where GCF may wish to preserve business continuity on existing and ongoing projects with an AE whose accreditation has been changed, GCF may invoke its step-in rights which are provided for in the AMA and FAA.

Determination of the action to be taken (extension, suspension of disbursement, restructuring, or partial cancellation) depends on whether the changes needed are considered as major or minor. In addition to actions triggered by GCF monitoring activities, the AE may request for changes in some project features, timelines, which may be considered to be major or minor changes depending on various considerations. Indicative scenarios that may apply are illustrated in **Figure 20**.

**FIGURE 20. POSSIBLE SCENARIOS FOR MAJOR AND NON-MAJOR CHANGES BY TYPE OF CHANGE**



\*Pricing changes within Board-approved parameters and/or material and adverse changes in the pricing and financial structure

Abbreviations: AE = accredited entity, TAP = Technical and Advisory Panel.

### 9.3 POLICY ON RESTRUCTURING AND CANCELLATION

The GCF Policy on restructuring and cancellation (PRC) sets out the mechanism for decision-making in respect of an approved funding proposal in one or more of the following circumstances:

- Failure to fulfill the conditions to be met prior to the execution of the FAA;
- Extension of deadlines prior to signing of the FAA;
- A request for a waiver of a term or condition set out in the funding proposal, or in the Approval Decision, or in the relevant AMA/FAA; and
- A change to or restructuring of the approved terms and conditions of the approved funding proposal prior to or after the execution of the FAA.

---

Implementation of the Policy on Restructuring and Cancellation is required to comply with GCF policies on country ownership and country drivenness<sup>62</sup> (as revised from time to time). and applies to all funding proposals approved by the GCF Board.

The Policy on Restructuring and Cancellation does not:

- a. Apply to activities financed under the Readiness and Preparatory Support Programme and the Project Preparation Facility;
- b. Address the GCF decision-making process in connection with breaches of legal agreements.

## GCF decision-making process

Depending on the materiality and impact of the proposed changes on the initially approved project parameters, such changes may require the GCF's prior approval for the AE to be able to implement the funded activity. Accordingly, a proposed change to an approved funding proposal may be classified as a "major change" (as described below) or non-major changes, which determines the level of authority within the GCF that may approve such changes, or whether such changes require GCF's consent at all.

The template AMA defines the concept of major change. In addition, the FAA usually clarifies and contains a list of events which will likely be determined to be a major change by GCF. Furthermore, examples of events that constitute, or are likely to constitute, a major change are listed in paragraph 16 of the PRC (as described below). If a proposed change is deemed as a major change by the Secretariat, the procedure set out in paragraph 19 of the PRC will apply which may lead to the funded activity being restructured. Such restructuring will need to be considered and approved by the Board. The consequence of non-approval of the restructuring is set out in paragraph 21 of the PRC.

If the event is determined by the Secretariat not to be a major change, the proposed changes may be approved by the Secretariat, which shall require the AE to undertake appropriate actions to give effect to the changes (which may include an amendment to the FAA and/or provision of further reports, legal opinions or other evidences deemed necessary by the Secretariat).

## Failure to fulfil the conditions to be met prior to the execution of the FAA

Under the PRC, if the AE does not fulfil a condition set out in the Board decision approval the relevant Funding Proposal within the required period, the approval of that Funding Proposal will no longer be valid.

If the approval is no longer valid, the Secretariat will notify the AE, the NDA/FP and the Board and adjust the GCF's commitment authority accordingly.

## Waivers of conditions

The PRC provides that if an AE requests a relinquishment of, or a deviation from, a condition set out in the Board decision (that is, those conditions imposed by the Board or the independent TAP) approving the Funding Proposal, such request will constitute a request for a "Waiver".

---

<sup>62</sup> Decision B.17/21, annex XX.

Also, if the AE requests a material deviation from a condition set out in the Board-approved funding proposal or term sheet, such request will constitute a request for a “Waiver”.

“Waivers” as described above are approved by the Board unless the Board has delegated the authority to grant the waiver to the Executive Director.

The Secretariat will assess on a case-by-case basis whether the request constitutes a “Waiver” and will advise on the process for getting the request approved.

### Extensions of period to meet conditions prior to FAA execution

The PRC only deals with extensions of time periods for FAAs to be entered into. Any extensions of time periods after the FAA is signed are dealt with under the terms of the FAA. This section only addresses the procedures for extending the time period for entering into an FAA.

An AE may wish to request an extension to the time period to fulfill the conditions to be met prior to FAA execution, due to a variety of factors (e.g. delays in obtaining regulatory approval, delays securing required co-financing, etc).

For such purposes, the AE must submit a written request to the Secretariat, in form and substance satisfactory to the Secretariat, in the form of a template and consult with the NDA/Focal Point, as appropriate. The AE request must be accompanied by evidence supporting the reasons the reasons for requesting the extension and the AE’s assessment of the potential changes (or not) in circumstances, market conditions and/or underlying rationale for the project before the proposed deadline.

The request from the AE should be submitted no less than 30 calendar days prior to the expiry of the existing period established for fulfilling the relevant condition. Requests that are submitted with less than 30 days to the expiry of the applicable period shall include a clear and strong justification for the lateness in order to be processed by the Secretariat. The AE should inform, and consult as appropriate with, the relevant NDA/FP prior to submitting such request to GCF.

Once the decision to approve or deny the request is made by either the ED or the Board, the Secretariat communicates it to the AE and the NDA/FP, where possible prior to the expiry of the relevant period for fulfilling the condition.

The ED may grant only one extension. Any subsequent extensions requested by the AE, shall be considered by the Board.

If the ED does not approve the extension, the AE may decide to ask the Secretariat to submit its extension request to the Board for consideration, alongside the Secretariat’s assessment setting out the reason(s) why the ED did not approve the extension in the first instance. In these cases, the existing period shall be deemed to be extended to one day after the last day of the next occurring Board meeting where the request will be considered by the Board.

---

## 9.4 MAJOR CHANGES AND RESTRUCTURING

Indicative events which constitute, or may constitute, major changes may be defined in the relevant FAA. In addition, the PRC contains a list of events which will constitute a “major change”:

- a. Any changes that would render the project/programme inconsistent with the GCF mandate and business model;
- b. A change in the scope of the project/programme which would result in a material and adverse deviation from the intended objectives or outcomes that the AE seeks to achieve from the implementation of the relevant project/programme, in particular its climate and/or environmental outcomes as set out in the funding proposal or FAA;
- c. The assignment or transfer of all or a material part of its responsibilities to another AE;
- d. A change of an executing entity that would have a material effect on the implementation of the project/programme;
- e. Any change that would have a material and adverse impact on the ability of the executing entity to operate the relevant project/programme, including a material and adverse change in the legal status of an executing entity which has a material and adverse impact on the implementation of the project/programme;
- f. Any change to the pricing of the GCF proceeds for the project/programme that deviates from the Board-approved parameters;
- g. Any material and adverse change in the pricing and financial structure of the project/programme;
- h. Any change in a project/programme that results in a change in the environmental and social safeguards category from a lower to a higher category, or changes within a category that would trigger additional safeguards standards to be applied or require additional due diligence;
- i. A delay in the completion of the project/programme or its major components that materially and adversely affect the achievement of the intended outcomes;
- j. Other changes such as may be expressly set out as a major change in the approval decision; and
- k. Any other event or proposed modification that constitutes a “major change” in the relevant legal agreements.

### Process for approval of major changes

Pursuant to the AMA/FAA, the AEs are required to inform the GCF of any events or proposed modifications to a Funded Activity which result or may result in a major change. If the proposed change falls or may fall within the definition of a Major Change, the Secretariat shall request the AE to provide a restructuring paper, in a form and substance satisfactory to GCF, together with written evidence of the AE’s consultation with the relevant NDA/FP, and supporting documentation describing the rationale of the proposed change and the analysis of associated benefits and risks to the implementation of the FP as approved. Such documentation may cover any changes in environmental classification, changes in beneficiaries/projected impact, changes in costs and budget allocations, among others.

**BOX 9. CONSULTATION WITH NDAS/FOCAL POINTS ON MAJOR CHANGES IN APPROVED PROJECTS/PROGRAMMES**

Once the AE determine that there are potential major changes required in the approved project/programme, the AE would consult and engage with the NDA/Focal point and inform them of the objective of the proposed change and its underlying rationale. During these consultations, the AE should also inform the NDA/FP of the potential impact of the change to the initial project design, budget and expected results, including any additional processes that might follow as a result of the change (e.g. additional stakeholder consultations, environmental assessment and re-categorization).

The above consultations should enable the AE to obtain a letter of non-objection from the NDA, which would confirm that the NDA has been made aware of the proposed changes and is agreeable to them.

Upon receipt of the restructuring paper, the Secretariat is responsible for assessing and determining whether the proposed change constitutes a major change, taking into account the relevant circumstances and the nature of the project/programme. This process may include engagement with the AE and other stakeholders as appropriate.

Based on the restructuring paper received from the AE, and following the consultations described above, the Secretariat prepares a Board document, annexing the restructuring paper, any updates to the environmental and social due diligence, the new no-objection letter or relevant confirmation and its assessment and recommendation for the Board's action.

If the Board approves the major change, the FAA will be updated or amended (as the case may be) to reflect the changes as approved by the Board and the Secretariat will inform the NDA/Focal Point.

If the Board does not approve the major change, the AE will either (a) proceed on the basis of the existing Board-approved FP; or (b) withdraw the FP, after informing the NDA/Focal Point.

## STAGE 10: EVALUATION, LEARNING AND PROJECT CLOSURE

The final stage of the GCF project/programme activity cycle relates to evaluation, synthesis and codification of lessons learned, and project closure. This in turn contributes to informing the design of the next generation of GCF investment decisions, in line with the approach of GCF as a learning organization.

### 10.1 EVALUATION

Evaluations assist accredited entities (AEs) and GCF to credibly assess the performance and impact of GCF funded activities. They help to assess to what extent GCF investments efficiently and effectively contribute to the realization of its mandate to combat climate change and to promote a paradigm shift towards low-emission and climate-resilient development pathways. Evaluations also serve to promote accountability and drive learning and innovation among GCF, AEs and project stakeholders. Evaluations should be designed to provide credible evidence and

---

evidence-informed recommendations. Evaluations, where necessary, should also underscore the important role of all project/programme stakeholders in ensuring achievement of the project/programme results. The evidence and recommendations generated from project/programme evaluation are expected to inform stakeholders' decision-/policymaking processes.

Within GCF there are two levels of evaluations: project-/programme-level evaluations; and GCF level evaluations.

## 1. Project-/programme-level evaluations

In line with the monitoring and accountability framework, accreditation master agreement and funded activity agreement (FAA), **AEs** are obligated to conduct, provide oversight and submit **independent final evaluations** for approved GCF projects and programmes. In doing so, AEs ensure that all project/programme evaluation reports submitted adhere to GCF policies, standards, guidance and formats. Such evaluations are conducted by independent evaluation units/offices of AEs or external independent evaluators and must be in line with the Secretariat's guidance and quality standards.

The objective of project-/programme-level evaluations is to create a body of evidence that can inform decision-making, investments and, more broadly, enable GCF to understand the causes of results and/or the credibility of results reported. Independent project/programme evaluations assess the extent to which results and impacts are achieved relative to ex-ante projections, and help to determine the contribution of GCF to the achieved transformation. Evaluations also extract lessons learned that can then be applied to inform future GCF investment decisions and help to understand how successful projects/programmes can be upscaled and replicated. AEs in project/programme implementation can conduct different types of evaluations (e.g. process, formative, summative, impact, ex-post, participatory, outcome) to assess progress, results and impacts of funded activities.

The terms of reference (TOR) for these evaluations must be consistent with the GCF results management framework in terms of information and data requirements. A template TOR to provide guidance to AEs is provided in annex V in Part II of this manual. Expenditures related to the conduct of final evaluations are expected to be budgeted through project management costs. Where the independent evaluation unit/office of the AE provides oversight services, the related expenses are considered and should be budgeted as part of the fees of the AE for oversight.

In line with the Governing Instrument for the GCF (para. 23(j)) and the monitoring and accountability framework, the **Secretariat** is responsible for carrying out the monitoring and evaluation function. The Secretariat's role includes:

- a. Ensuring that funding proposals and GCF programmes and investments have budgeted adequate resources devoted to undertaking evaluations during project approval;
- b. Reviewing and providing guidance on TOR and standards to be applied for final evaluations to ensure adherence to GCF standards. This includes developing guidelines and a monitoring and evaluation toolkit for implementation of the results management framework;
- c. Reviewing the quality and completeness of interim and final project/programme evaluations and ensuring that they meet Secretariat standards. This includes reviewing the management responses and action plans of AEs;



- d. Regularly providing feedback to the relevant AE on the quality of the interim and final evaluations and within a reasonable period of time after receiving the evaluations from the AE;
- e. Preparing an annual portfolio performance report to submit to the Board;
- f. Extracting and consolidating lessons learned, best practices, success stories, etc., into knowledge products for wider internal and external dissemination and to inform policies, guidelines and practices during design and implementation of projects/programmes;
- g. Developing case study assessments on GCF impact, for example on transformational change or paradigm shift, based on the review of annual performance reports, midterm reports and final evaluation reports, where sufficient evidence is deemed to exist; and
- h. Considering opportunities for joint impact, thematic and country reviews of GCF investments and activities with other GCF stakeholders, beyond interim and final evaluations.

The Secretariat also encourages real-time project assessment, including through supporting the Learning-Oriented Real-Time Impact Assessment initiative conducted by the Independent Evaluation Unit (IEU), which focuses on encouraging GCF projects/programmes to employ mixed-method approaches that involve quantitative and qualitative data collection methods and analyses.

## 2. GCF level evaluations

GCF level evaluations are managed by the **IEU**. The purpose of this type of review is to learn lessons that can help to improve the institutional and financial efficiency and effectiveness of GCF for future replenishments. The IEU evaluations assess the overall performance of the GCF portfolio in achieving climate results, including progress made towards paradigm shifts in mitigation and adaptation, and the climate-related institutional strengthening of GCF partner countries. The release of GCF level review reports is synchronized with the GCF replenishment cycle.

The objectives of IEU are derived from the Governing Instrument for the GCF and decision GCF/B.06/09, and include the following:

- a. Informing the decision-making by the Board and identifying and disseminating lessons learned, contributing to guiding GCF and stakeholders as a learning institution and providing strategic guidance;
- b. Conducting periodic independent evaluations of the performance of GCF in order to provide an objective assessment of the results of GCF and the effectiveness and efficiency of its activities; and
- c. Providing evaluation reports to the Conference of the Parties to the United Nations Framework Convention on Climate Change for purposes of periodic reviews of the Financial Mechanism of the Convention.

The IEU may perform country portfolio evaluations, thematic evaluations of the different types of activities that GCF will finance, and evaluations of project-based and programmatic approaches, and other evaluations specified in the IEU's Workplan in agreement with the Board. These types of evaluations will provide the Board and the Conference of the Parties with an independent assessment of GCF operations and could also be used as building blocks for an overall assessment of GCF. Further details on the role of IEU are contained in its mandate and TOR.<sup>63</sup>

<sup>63</sup> See <<https://ieu.greenclimate.fund/about-the-ieu/work-plan-and-tor>>.

---

## 10.2 LEARNING

Empirical evidence on the impacts of climate-related projects is scarce and presents an opportunity for GCF to contribute to building a body of knowledge on what works, for whom, why and under what circumstances. In line with paragraph 23 of the Governing Instrument for the GCF, one of the key functions of the Secretariat is to “establish and run effective knowledge management practices”. In order to execute this function, the Secretariat undertakes activities to generate, codify and disseminate knowledge that feeds into and informs GCF origination efforts and enables GCF to operate as a learning institution.

Working collaboratively with AEs, national designated authorities/focal points, peer climate funds and other stakeholders, the Secretariat synthesizes and codifies lessons learned to promote the expansion and replication of knowledge on transformative climate investments based on global best practices.

In line with its knowledge management approach, the Secretariat gathers knowledge by conducting a number of learning reviews (see section 10.3). The generation and utilization of this knowledge:

- a. Promotes uptake and incorporation of best practices in the review, design and implementation of new projects/programmes;
- b. Translates into more effective actions, as well as an improved ability of developing countries to meet the targets related to their nationally determined contributions, national adaptation plans, and other sustainable development priorities;
- c. Helps to strengthen mitigation and adaptation actions and initiatives against adverse climate change impacts; and
- d. Creates an understanding of policy implementation and informs future policy development.

Knowledge generated through these efforts is disseminated internally within the Secretariat and among the Board, as well as among AEs and other external stakeholders through various platforms in the form of reports, practice notes, guidance documents, and case studies.

## 10.3 KNOWLEDGE GENERATION

In line with its Knowledge management strategy, GCF aims to draw on its key comparative advantage: its partnership-based business model. This business model enables GCF to partner with an extensive network of NDAs and AEs who vary from small, national direct access entities, to the largest multilateral development banks. Each of these partners holds a wealth of expertise and experience that can be leveraged for the mutual benefit of all GCF stakeholders. By facilitating the flow of knowledge across GCF’s network of NDAs/AEs and the wider climate finance community, GCF seeks to ensure that best practices are replicated, and lessons are derived from mistakes.

Towards this end, GCF aspires to be a knowledge hub to scale-up paradigm shifting climate-compatible investments globally and to provide external stakeholders<sup>64</sup> with the knowledge that enables them to have the greatest impact. GCF works with external stakeholders to promote country-led knowledge gathering and use, and to available

---

<sup>64</sup> External stakeholders refer to GCF National Designated Authorities (NDAs) and Accredited Entities (AEs), but also extends to peer organisations, academia, civil society organisations, and the wider climate finance community

that knowledge for evidence-based decision-making. Towards this end, GCF focuses on three priority area targets:

- a. Strengthened co-generation of knowledge with partners on GCF prioritised areas
- b. Improved curation of knowledge on climate impacts and financial structuring
- c. Enhanced stakeholder capacity to leverage lessons from GCF project life-cycle

In order to achieve this targets, the GCF focuses its efforts on:

- a. Collaborating with partners to create and disseminate knowledge products, such as publications, case studies, reports, and research papers.
- b. Ensuring complementarity and coherence of programming, policies, and operations with peer organisations and other climate funds.
- c. Building on GCF's knowledge base by leveraging the external expertise of leading research organisations through initiatives such as GCF's Communities of Practice.
- d. Actively participating in global coalitions and knowledge networks to promote the cross-fertilisation of resources and expertise.
- e. Undertaking mutual exchange initiatives with partner organisations focused on sharing practices and lessons through the temporary exchange of staff.

In order to ensure timely knowledge capture and documentation of best practices and lessons learned from GCF operations, GCF conducts knowledge-gathering missions and reviews.

## 1. Knowledge-gathering missions

Knowledge-gathering missions to a select number of project sites are aimed at fostering a deeper understanding of the operating realities, capturing lessons learned, as well as documenting best practices and success stories. The Secretariat visits projects that are selected based on criteria that may include but are not limited to:

- a. Projects in sectors or in a geographic/country context or thematic area to which GCF has the highest exposure;
- b. Innovative projects that have high potential for replication and scale-up;
- c. Projects in specific contexts where limited information exists and thus there is reliance on knowledge mission to extract the relevant information and lessons learned;
- d. Projects experiencing difficulties;
- e. Projects that are reporting positive/exemplary performance; and
- f. Projects that provide insights on successes/challenges associated with different access modalities, programmes and sectors.

As part of the Secretariat's efforts to foster complementarity, cross-learning and knowledge exchange, knowledge missions may be conducted jointly with peer climate funds and may include projects financed by such funds. During the mission, the Secretariat interacts with different stakeholders and experts on the ground and visits project sites. This fosters a better identification and understanding of operational realities and dynamics, key issues, best practices and lessons that may not otherwise be effectively communicated through annual performance reports and evaluation reports. The knowledge and information gathered from the missions feed into policy and portfolio decisions and contribute to stronger project review and implementation processes.

---

## 2. Reviews

The Secretariat conducts a number of higher-level reviews, including thematic and country portfolio reviews, that play a key role in assessing the effectiveness of GCF in achieving long-term climate results while driving a paradigm shift towards low-emission and climate-resilient development. For benchmarking and lesson learning purposes, the reviews may, where appropriate, include projects financed by other peer funds. Types of reviews include the following:

- **Country portfolio reviews**

Country portfolio reviews are conducted by the Secretariat to improve the impact of GCF financing in relation to country-specific climate goals, enhancing national climate policies and public and private climate investments. They target the climate results and related sustainability achieved by a set of completed and ongoing projects/programmes at the country level, which could also be through other climate funds interventions. The selection of countries for this type of review is determined by taking into consideration the number of GCF investments in a given country, the distribution of sectors, and other relevant factors.

- **Thematic reviews**

Thematic reviews by the Secretariat are sector-based, linked to a specific GCF results area and based on a sample of projects/programmes financed by GCF. Sample selection takes into consideration projects/programmes where there is a high probability of learning relevant insights for the development of future projects.

- **Ex-post reviews**

The Secretariat may carry out an ex-post review for a sample of projects/programmes to assess the credibility of the results achieved over the lifespan of an asset/investment and the results reported to GCF during project implementation of the intended climate impacts, their sustainability and the potential for scalability and replication. GCF may commission an ex-post review of how individual or groups of projects/programmes have contributed to a paradigm shift and transformational change and, in some instances, may verify the results.

The ex-post review sample could be determined based on the type of intervention, the level of environmental and social risk, or the results/recommendations that emerge from project/programme reports.

These knowledge-based reviews conducted by the Secretariat can be complemented by the IEU's evaluations.

## 10.4 PROJECT CLOSURE

This step relates to the termination of a project's activities, normally conducted at the end of the implementation period of the funded activities (or at the end of the repayment period, as applicable). Project closure activities include ensuring proper recording and archiving of project documentation, recording and handing over/disposing of project assets, making final payments, releasing project staff and reimbursing any unutilized resources to GCF. A final project audit is required to confirm that all GCF funds were properly utilized in line with the requirements of the FAA. The expected project closure date is also available on GCF's website.

During this phase, the AE should:

- a. **Confirm that the project activities were executed and completed** in line with project objectives and FAA requirements;
- b. **Submit a project completion report or final annual performance report:** Project completion reports (i.e., the final APR) prepared by AEs detail the completed project activities and document the lessons learned and best practices identified from implementation. The completion reports are due upon full execution of project activities and within the time frame specified in the FAA. Project completion reports provide an opportunity for the AE to reflect on the project implementation and results performance vis-à-vis the set objectives and targets. The reports therefore include a description of the results and outcomes of the project, any issues, challenges or difficulties, as well as any risks identified or addressed. They also include lessons learned, such as what worked and what did not work during implementation, and some of the best practices identified. They may also indicate whether there are future plans to scale up or replicate the project. Projects that have long tenor (e.g. loans) may continue to submit financial reports beyond the project implementation period until the obligations to GCF under each FAA are exhausted;
- c. **Complete any procurements and related payments**, cancel any supplier contracts, reimburse any unutilized resources to GCF, and release project staff and consultants;
- d. **Inform stakeholders of the closure of the project;**
- e. **Execute the exit strategy as per the FAA including handing over assets** to the beneficiaries or as per the relevant legal agreements with GCF;
- f. Ensure that all **required documents are finalized and properly archived;** and
- g. **Submit the project audit report:** The AE also submits a final audited report of the project upon project completion to confirm that the GCF resources were used in accordance with the provisions of the FAA. The audit reports should be conducted by independent auditors and the costs associated with these audits are covered by GCF.
- h. **Exit strategy:** The completion and closure of the project must be in accordance with the FP (including exit strategy section of the FP and the Logical Framework).

Upon receipt of the final project audit report, final completion reports, any reimbursements and the final evaluation report, the Secretariat will review the reports and confirm whether they are to the satisfaction of the Secretariat. In case of any gaps, the Secretariat will provide the necessary guidance to the AE on the actions required to close the gaps. Otherwise, once the reports are confirmed as satisfactory to GCF, the Secretariat will confirm in writing the closure of the project to the AE and national designated authority.

In addition, the IRM can still receive a complaint after the closure of the project. According to the Procedures and Guidelines of the IRM, the IRM can receive complaints within two years from the date the complainant becomes aware of the adverse impacts or within two years from the closure of the GCF funded project/programme.

---

## **PART II.** THE HOW-TO GUIDE ON THE GCF FUNDING PROPOSAL TEMPLATE

---

This part of the Programming Manual provides detailed information on the funding proposal template and annexes, including each section and subsection of the template, as well as detailed explanations and information on the necessary appraisals to be conducted. Templates are regularly updated and AEs should use the latest version of templates when submitting the funding proposal package to the Secretariat.

The following lists the documents that comprise the funding proposal package for a GCF project or programme. The items in bold are considered mandatory. Inclusion of the other items in the list may apply, depending on the specific project or programme proposed.

- 1. Completed funding proposal template**
- 2. NDA NOL(s)**
- 3. Feasibility study**
- 4. Economic and/or financial analysis**
- 5. Detailed budget plan**
- 6. Implementation timetable**
- 7. Environmental and social document**
- 8. Summary of consultations and stakeholder engagement plan**
- 9. Gender assessment and project-/programme-level action plan**
- 10. Legal due diligence**
- 11. Procurement plan**
- 12. Monitoring and evaluation plans**
- 13. AE fee request**
- 14. Co-financing commitment letter**
- 15. Term sheet**
16. Certificate of internal approval
17. Map(s) indicating the location of proposed interventions
18. Multi-country project/programme information
19. Appraisal, due diligence or evaluation report for proposals based on scaling up or replicating a pilot project
20. Procedures for controlling procurement by third parties or EEs undertaking projects financed by the AE
21. First-level AML/CFT (KYC) risk assessment
22. Operations manual
23. Other references

*Abbreviations:* AE = accredited entity, AML/CFT = anti-money-laundering/countering the financing of terrorism, EE = executing entity, KYC = know your customer, NDA = national designated authority, NOL = no-objection letter.

**Table 14** lists the sections of the GCF funding proposal template.

**TABLE 14. FUNDING PROPOSAL TEMPLATE STRUCTURE**

<b>SECTION A</b>
Project/programme summary
<b>SECTION B</b>
Project/programme information
<b>SECTION C</b>
Financing information
<b>SECTION D</b>
Expected performance against investment criteria
<b>SECTION E</b>
Logical framework
<b>SECTION F</b>
Risk assessment and management
<b>SECTION G</b>
GCF policies and standards
<b>SECTION H</b>
Annexes

**TIPS ON FILLING OUT A FUNDING PROPOSAL**

1. The total number of pages of the funding proposal, excluding annexes, should not exceed 60. The recommended font is Arial, size 11. Proposals exceeding the prescribed length will not be assessed within the usual service time.
2. The following naming convention should be used for the file name: "FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]". Please note that different templates are provided for funding proposals for the simplified approval process and for REDD-plus activities.
3. It is recommended that the paragraphs in the funding proposal body are numbered. This allows the Secretariat and the independent Technical Advisory Panel to provide clearer and more rapid feedback on specific sections of the funding proposal during their reviews.
4. Project documentation submitted to GCF should be in English, which is the official language of GCF. The writing style should be factual and neutral, limiting the use of adjectives and excluding subjective statements.



5. All documents requiring a signature (e.g. no-objection letters, co-financing letters) should be duly signed when submitted.
6. Governmental letters or other official documents can be presented in the original language, but a certified translation should be provided. Moreover, the quality and accuracy of the translation should be assured by the accredited entity.
7. The funding proposal package should be consistent with the information and figures provided across the various sections and annexes of the funding proposal. Consistency and quality checks should be carried out before the formal submission of the funding proposal package to GCF.
8. The funding proposal should be proofread before being submitted to the Secretariat. During second-level due diligence and interaction with the Secretariat, the funding proposal text can change. Once it is confirmed that the funding proposal will proceed for review by the Technical Advisory Panel, editorial and quality checks should be carried out by the accredited entity.
9. The funding proposal should be submitted at least 180 days before the first day of the next Board meeting. See stage 5 in Part I of the Programming Manual for further details on the timelines.
10. Project/programme funding proposals are published simultaneously on the GCF website with their submission to the Board, subject to the redaction of any information which may not be disclosed pursuant to the GCF Information Disclosure Policy.<sup>65</sup>

## COVER PAGE OF THE FUNDING PROPOSAL

The cover page of the funding proposal provides basic information about the proposed project/programme, such as the project/programme title, the country(ies) where the proposed project/programme will be implemented and the accredited entity submitting the proposal.

**Project/programme title:** The full title of the proposed project/programme is provided. Ideally, the title should indicate the country(ies)/region where the project/programme will be implemented, as well as the proposed intervention(s). It should be concise and not exceed more than 100 characters, which is approximately 10–15 words.

**Country(ies):** The names of all the countries where the proposed project/programme will be implemented are listed.

**Accredited entity:** The name of the entity submitting the proposal is listed on the cover page. Except for certain modalities such as enhancing direct access, all entities should have been accredited by the Board before submitting a proposal. Exceptionally, in the event that the proposal is being submitted by more than one AE, the AEs shall become jointly and severally liable and responsible for the implementation of the proposed project/programme. This means that if an AE is unable to implement the project/programme, the other AE(s) will have to do so. Accordingly, this type of “joint” implementation will only be possible where all of the AEs submitting the proposal share the accreditation scope required by the project/programme. Alternatively, it may be easier for separate proposals to be submitted, with the relationships between the

<sup>65</sup> Available at <[https://www.greenclimate.fund/documents/20182/574763/GCF\\_policy\\_-\\_Information\\_Disclosure\\_Policy.pdf/eca387d2-06b3-42c9-89f9-4976f2e802f4](https://www.greenclimate.fund/documents/20182/574763/GCF_policy_-_Information_Disclosure_Policy.pdf/eca387d2-06b3-42c9-89f9-4976f2e802f4)>.

---

proposals explained in each of the proposals, or placing one of the AEs as an Executing Entity acting under the supervision of the other AE.

**Date of first submission:** The date of the first submission of the funding proposal to GCF is inserted using the following format: [YYYY/MM/DD].

**Date of current submission:** The date of resubmission of the funding proposal to GCF is inserted using the following format: [YYYY/MM/DD]. This applies to funding proposals subject to multiple submission processes following GCF feedback.

**Version number:** The version number, which pertains to the number of times the funding proposal has been submitted to GCF, is indicated on the cover page using the following format: [V.000]. This applies to funding proposals subject to multiple submission processes following GCF feedback. Each time there is a resubmission of the funding proposal, the accredited entity should update the version number accordingly.

## SECTION A. PROJECT/PROGRAMME SUMMARY

Section A is a structured summary of the main elements of the funding proposal. It is recommended that this section is completed at the end of the funding proposal preparation process. The main elements of this section are as follows:

**A.1. Project or programme:** This should indicate whether the proposal is a project or a programme.

If the proposal refers to a combination of multiple projects (referred to as “subprojects”) or multiple countries with an overarching objective, then it is considered to be a programme.

It is important to understand the definition of a GCF programme, as opposed to a project. A GCF programme is defined as a set of interlinked individual subprojects or phases, unified by an overarching vision, common objectives and contribution to strategic goals, which will deliver sustained climate results and impact in the GCF results areas efficiently, effectively and at scale.<sup>66</sup>

Generally, when a funding proposal targets multiple projects, in particular those that involve financial intermediation, the exact subprojects are often unknown. In those cases, it is not possible to provide details of the subprojects to be financed through the programme. However, the selection criteria used to determine the types of subprojects to be financed should be clearly articulated in the funding proposal.

For multi-country programmes, an annex detailing the targeted countries information should be submitted as annex 17 to the funding proposal. **Annex 17** requests accredited entities (AEs) to provide a detailed breakdown of information on countries for funding proposals targeting multiple countries. Some of the key elements to be addressed when designing a programme include the following:

- Financial allocation by country (percentage of total funds or United States dollars);
- Estimated greenhouse gas (GHG) emission reductions by country and allocation of the impact (percentage) by results area;

---

<sup>66</sup> Draft policy guidelines on the programmatic approach contain the principles and key requirements/considerations for programmes to be funded by GCF.

- Co-financing allocation by country (percentage of funds or United States dollars);
- Evidence used to estimate the funding split between intervention types and countries;
- Identification and selection process for countries;
- No-objection letters to be submitted by all participating countries; and
- Monitoring and verification/implementation arrangements, which will allow for the tracking of results across countries and sectors and an explanation of how the AE will address any challenges in the implementation of a programme due to coordination issues among city/local governments and national governments.

**A.2. Public sector or private sector:** This section should indicate whether the proposal is targeting the public or private sector. This categorization depends on the financial structure of the project/programme, the instruments used and the types of beneficiaries and industries involved in the project/programme.

**A.3. Requests for proposal:** If the proposal is submitted in response to a specific GCF request for proposal (RFP), the AE should indicate which RFP it is responding to. The dropdown menu lists the following options: (i) Not applicable – for a proposal being submitted as a regular funding proposal; (ii) Enhancing direct access; (iii) Mobilizing funds at scale; and (iv) Micro, small and medium-sized enterprises. For more information on specific RFPs and their eligibility, please refer to the GCF website.

**A.4. Results area(s):** In this section, the AE should indicate the GCF results area(s)<sup>67</sup> that the proposed project/programme is aiming to target. As shown in the checklist provided in section A.4 of the template, there are eight results areas: four relating to mitigation, and four relating to adaptation. In some cases, proposed projects/programmes may target several results areas. A proposal targeting results both in mitigation and in adaptation areas will automatically be considered as a cross-cutting project/programme.

The AE should indicate the estimated percentage of the request for GCF funding that is devoted to each checked results area. The sum of all percentages should be equal to 100 per cent and should match the figures provided in section C.2 (titled “Financing by component”). The information reported in section A.4 should be in line with the logical framework. Please note that selecting multiple results areas implies reporting on results attributed to each results area, in particular when it relates to GHG emission reductions and the total number of beneficiaries of the project.

**A.5. Expected mitigation impact:** For funding proposals that target any of the mitigation results areas as selected in section A.4, the AE should provide an estimate of the total tCO<sub>2</sub>eq to be avoided or reduced on an annual basis and over the lifespan of the proposed project/programme. The methodology for estimating the mitigation benefits should be elaborated further in section D.1 (titled “Impact potential”), as well as in annex 2 (titled “Feasibility study and, if applicable, market study”). The figures provided in section A.5 should also match those provided in section E.2 (titled “Core indicator targets”), specifically subsection E.2.1. For more details on the calculation of GHG emission reductions, see section B.1 (titled “Climate context”). For projects targeting adaptation results areas only, section A.5 should be left blank.

**A.6. Expected adaptation impact:** For funding proposals that target any of the adaptation results areas as selected in section A.4, the AE should provide the expected

<sup>67</sup> For further information, see <[https://www.greenclimate.fund/documents/20182/239759/5.2\\_-\\_Results\\_Management\\_Framework\\_\\_RMF\\_.pdf/a0558a59-ef20-4ba8-b90b-8d3ae0c8458f](https://www.greenclimate.fund/documents/20182/239759/5.2_-_Results_Management_Framework__RMF_.pdf/a0558a59-ef20-4ba8-b90b-8d3ae0c8458f)>.

---

total number of beneficiaries, including both direct and indirect beneficiaries, and the percentage of total beneficiaries relative to the total population. The figure provided in section A.6 should match those provided in subsections E.2.4 and E.2.5 and correspond to section D.4 (titled “Needs of the recipient”). For multi-country proposals, the number of beneficiaries per country and the percentage of beneficiaries relative to the total population per country are to be provided in annex 17 (titled “Multi-country project/programme information”). For projects targeting mitigation results areas only, section A.6 should be left blank.

**A.7. Total financing (GCF financing + co-financing):** The AE should indicate the total cost that will cover all expenses for the successful implementation of the project/programme, including funding from GCF and funding that will be co-financed. The amount should be consistent with the figures reported in section C (titled “Financing information”). Please refer to the definitions of co-financing, including public and private, provided in the glossary of this manual. The AEs should provide information on the expected co-financing at the funding proposal stage. Expected co-financing refers to the amount of co-financing, based on ex-ante estimations, identified in the funding proposal, which is then included in the funded activity agreement that is expected to be necessary for the implementation of the funded activity.

**A.8. Total GCF funding requested:** The AE should indicate the estimated funding to be requested from GCF. The amount should be consistent with the figures reported in section C.

**A.9. Project size:** The AE should indicate the size of the proposed project based on the total financing requested, including funding from GCF and funding that will be co-financed. The dropdown menu list includes the following choices: micro, small, medium and large. The size of the project should be within the accreditation scope of the AE.

With respect to a programme’s size, guidelines on programmatic approaches are yet to be adopted by GCF. As a basic guideline, a size limit would apply to individual subprojects, if funds are to be used in a sequential manner. However, if all subprojects are to be implemented simultaneously, questions may arise about the entity’s capacity, as reflected in its accreditation status. Thus, for such programmes, the total programme size would apply as a limit.

The accreditation scope of an AE may also limit the type of project on which it is permitted to work. The GCF fiduciary principles and standards distinguish between basic fiduciary criteria and specialized fiduciary criteria, which reflect the institutional capacities necessary to deliver a project’s results against the objectives of GCF.<sup>68</sup>

**A.10. Financial instrument(s) requested for GCF funding:** The AE should check all appropriate boxes to indicate which type of financial instrument(s) is requested from GCF and the amount requested for each financial instrument. The sum of the total amounts should be consistent with the figures provided in section A.8. A single proposal can blend several financial instruments. This section must be consistent with the information reported in section C.

**A.11. Implementation period:** The expected time period of the project/programme implementation is indicated in the form of the number of years and months. The implementation period starts from the effective date of the funded activity

---

<sup>68</sup> For the comprehensive scope of the basic and specialized fiduciary criteria, please refer to annex II to decision B.07/02 (annex II to document GCF/B.07/11).

agreement (FAA) until the completion date. The completion date is the last day of the implementation period and is the date on which all the project's components and activities set out in the logical framework shall be fully implemented and completed. Please note that in the context of projects/programmes with reflows to GCF, the completion date may be an earlier date than the end of repayment period and the final transfer date for reflows to GCF. In certain programmes, such as those consisting of financial frameworks (e.g., financing of credit lines for multiple sub-investments), the AE and/or any relevant EEs will only be entitled to commit GCF proceeds up to the completion date. For avoidance of doubt, the date in which the availability period for the AE to request and receive disbursements from GCF ends is referred to as the closing date and necessarily falls before the completion date. It is recommended that AEs determine the start date of the implementation period taking into account a reasonable time frame for the GCF Board and the board of the AE, and other co-financiers, to approve the project and/or the necessary funding. When planning for a project implementation start date, the expected time required for the finalization of the FAA should also be taken into consideration, which may take up to six months from the date of the funding proposal approval by GCF.

**A.12. Total lifespan:** The lifespan of the project/programme is defined as the maximum number of years over which the impacts of the investment are expected to be effective. This is different from the project duration or closing date, which refers to the last day when the project activities are being undertaken and when the final disbursement is made to the AE.

**A.13. Expected date of internal approval by the accredited entity:** If the AE is governed by a board or has a management or investment committee or other relevant authority that needs to approve the funding proposal for the AE to be authorized to undertake its implementation, the expected date of such AE internal approval needs to be indicated. The month and year of the expected approval is acceptable if the exact date cannot be determined. If the project has obtained all final internal approvals by the AE prior to approval from the GCF Board, the date of such approval should be provided.

**A.14. Environmental and social risk category:** GCF requires the AE to assign the appropriate environmental and social risk categories to activities in a manner consistent with the GCF Environmental and Social Policy. This should indicate the environmental and social risk category of the project/programme based on the types of proposed activities and their risks and impacts. In arriving at the correct categorization for this purpose, the risks and impacts must be considered without taking into account any mitigation measures that are to be considered or applied. Mis-categorization could lead to an intervention through the grievance redress mechanism of the AE or the GCF Independent Redress Mechanism, or both as the case may be (see **Box 9** for further information). The funding proposal category must be assessed based on the safeguards policy of the AE and the GCF Environmental and Social Policy.<sup>69</sup> For more information, see section G.1 (titled "Environmental and social risk assessment") in Part II of this manual. The GCF guidance note on screening and categorizing GCF-financed activities provides further guidance on assigning an environmental and social risk category to projects.<sup>70</sup> The environmental and social risk category selected must be consistent with the accreditation scope of the AE.

<sup>69</sup> See <[https://www.greenclimate.fund/documents/20182/574763/GCF\\_policy\\_-\\_Environmental\\_and\\_Social\\_Policy.pdf/aa092a12-2775-4813-a009-6e6564bad87c](https://www.greenclimate.fund/documents/20182/574763/GCF_policy_-_Environmental_and_Social_Policy.pdf/aa092a12-2775-4813-a009-6e6564bad87c)>.

<sup>70</sup> See <<https://www.greenclimate.fund/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities>>.

---

**BOX 10. HOW MISCATORIZATION OF ENVIRONMENTAL AND SOCIAL RISK COULD LEAD TO AN INTERVENTION BY THE GRIEVANCE REDRESS MECHANISM OF THE ACCREDITED ENTITY OR GCF**

---

The GCF Independent Redress Mechanism (IRM) has already conducted a preliminary inquiry into a GCF project where there were allegations of miscategorization. In this case, there was prima facie evidence (i.e. evidence gathered from readily available information without the benefit of a full investigation) that the project was miscategorized as a category C project, when it should have been classified as a category A or B<sup>a</sup> project. Category C projects are supposed to have “minimal or no adverse environmental and/or social risks and/or impacts”, and it is imperative that a proper assessment of potential impacts is undertaken to inform the risk categorization. If a project has been miscategorized, either deliberately or otherwise, it may become the subject of a self-initiated inquiry or a complaint with by the IRM.

<sup>a</sup> For a definition of categories A, B and C, see the GCF Environmental and Social Policy (available at: <https://www.greenclimate.fund/document/environmental-and-social-policy>).

**A.15. Has the funding proposal previously been submitted as a concept note?** The AE should indicate whether the funding proposal has previously been submitted as a concept note to the Secretariat.

**A.16. Has readiness or Project Preparation Facility support been used to prepare the funding proposal?** The AE should indicate whether the funding proposal received readiness support from the GCF Readiness and Preparatory Support Programme and/or project preparation support from the GCF Project Preparation Facility (PPF). See **Box 1** in Part I of the Programming Manual for more information. funding proposals developed with PPF resources should be submitted to the Board within two years of PPF approval, unless sufficient justification for an extension is provided.

**A.17. Is the funding proposal included in the entity work programme?** The AE should indicate whether the funding proposal has been included and/or generated from the entity work programme. See **Box 3** in Part I of the Programming Manual for more information on entity work programmes.

**A.18. Is the funding proposal included in the country programme?** The AE should indicate whether the funding proposal has been included and/or generated from the country programme in the country where the activities will be implemented. See Part I of the Programming Manual for more information on country programmes.

**A.19. Complementarity and coherence:** GCF is committed to fostering synergies with other climate finance delivery channels (climate funds) in the climate finance landscape, as exemplified in the GCF operational framework on complementarity and coherence. In section A.19, the AE should indicate whether the proposed activities complement other activities financed by other climate finance institutions, such as the Global Environment Facility, the Adaptation Fund and the Climate Investment Funds. If the answer is yes, the entity is requested to provide further detail in section B.1. More information on what constitutes complementarity and coherence for funded activities can be found in section B.1.

**A.20. Executing entity information:** When the AE does not assume the role of Executing Entity in respect of the Funded Activity or a part thereof, the name(s) of the EE(s) responsible for channelling GCF proceeds and directly implementing the project on the ground should be provided, with the full legal name of the EE, the

country of registration and the type of ownership. The roles and responsibilities of the EE and AE (both in cases where the AE is acting as the EE, and where they are different organizations) should be clearly explained in section B.4 (titled "Implementation/institutional arrangements"). **Box 4** provides further information on the definition of an EE.

If an EE is the NDA, this also needs to be indicated in section A.20. For a single country proposal, it is not unusual to have only one EE. For multi-country proposals or situations in which more than one EE is needed (e.g. in a programme), all the EEs and their affiliations should be reported, including whether each EE is responsible for the implementation of specific project/programme activities or whether the EEs are to be jointly and severally liable for the implementation of all of the projects/programmes activities.

**A.21. Executive summary:** In 750 words or fewer, an executive summary of the project/programme should be provided in section A.21. As indicated in the funding proposal template, it is suggested that the summary is broken down into three parts: (i) the climate rationale of the project/programme; (ii) the proposed interventions of the project/programme; and (iii) the climate impacts/benefits of the project/programme.

## SECTION B. PROJECT/PROGRAMME INFORMATION

Section B is the key section of the funding proposal to explain the project/programme design. It is important that this section is clear and concise, respecting the word limits indicated in the template. This section should clearly outline how the structure of the project/programme works, the cause-effect relationships between the different levels of the logical framework, the climate justification and the rationale of GCF involvement, as GCF provides climate finance, not development finance.

The project scoping exercise should start with the identification of the climate change problem that the proposed project is aiming to address. This determination will form the starting point and basis for the theory of change diagram (see section B.2, titled "Theory of change"), which articulates how the project will address the identified problem.

A project can entail a large or small number of activities. Answering the following questions can be helpful in assessing whether specific activities should be included as part of the same project or programme:

- i. Do the activities have a common and specific objective?
- ii. Are the activities coherent, creating synergies between subprojects and reinforcing the intended outcome?
- iii. Do the activities add value by combining their components? For example, do they create a greater impact, increased sustainability, higher cost-effectiveness and/or deeper integration when combined than they would individually?
- iv. Is every component of the proposed activities aligned with the GCF investment framework?
- v. Do the proposed activities contribute to addressing the climate change problem targeted by the project/programme?
- vi. Do the proposed activities contribute to the 'success pathway' of the project/programme?



---

The information listed above should be considered as part of the scoping exercise for projects/programmes.

Projects and programmes must be designed logically, with functionally related components and activities that contribute to the same specific goal in the thematic area or region. A logical framework should clearly link activities with outputs and outcomes.

### **B.1. Climate context (maximum 1,000 words, approximately 2 pages)**

Section B.1 sets the context within which the proposed project/programme operates and what climate change problems the project/programme aims to address. It should describe the mitigation needs (e.g. the greenhouse gas (GHG) emission profile) and/or adaptation needs (e.g. climate hazards and associated risks based on impacts, exposure and vulnerabilities according to the location and time of occurrence, and how these could be addressed through improved planning and management) in the country(ies) where the project/programme is intended to operate, with an emphasis on the subnational areas/locations where the activities are expected to be implemented. This section should include information on the general state (current climate trends and variability) and trajectory of the climate system based on a set of relevant indicators. The description of projected long-term climate change should characterize the most likely scenario, including the prevailing conditions or other alternative, that would remain or continue in the absence of the proposed intervention in terms of, for example, GHG emissions, climate vulnerability and/or resilience challenges. To the extent possible, this section should also include baseline information, including a description of climate data adequacy (availability, quality, applicability) and of the key assessment methodologies and tools used to document and analyse climate variability, trends and potential future climatic changes.

The characterization of the climate system at the national level should also include the identification of the main climatic impacts and the specific climatic factors affecting specific priority sectors or locations. Projects submitted to GCF should underline the climate risks that the project will address and ensure that the project design is climate-resilient against current and future climate extremes.

The identified climate problem should be the underlying justification used to make decisions on whether a particular intervention demonstrates causal linkages between a country's changing climate situation and the need for climate action. This should be fully grounded in the best available climate data and science – either towards adaptation, mitigation, or both – for any particular activity or set of activities. Therefore, the climate rationale is the basis upon which an investment decision can be made, to show that a particular intervention goes beyond a country's development imperative and demonstrates that the proposed investment is truly an intervention needed as a result of a country's changing climate situation. The climate science basis should describe the main climatic impacts or factors affecting specific priority sectors or locations. The analysis and description of the climatic stressors on sensitive sectors will assist in identifying possible adaptation and mitigation solutions to address the past, present and expected future behaviour of the climate system among alternative courses of action and assess them in terms of their expected outcomes.

The climate context provides the scientific underpinning for evidence-based climate action decision-making and the theory of change for all activities funded by GCF. It ensures that the set of causal linkages between the climate and climate impacts/hazards and action and societal benefits is fully grounded in the best available climate data and science concerning the most relevant climatic factors. It reduces



maladaptation risks<sup>71</sup> and demonstrates that the proposed interventions advance a national priority related to climate change mitigation and/or adaptation in terms of reducing GHG emissions or improving the resilience of peoples and communities, and should meet at least one of the eight GCF results areas.

The funding proposal should, to the extent possible, aim to provide scientific information on climate data, both historic and projected, and attribute vulnerabilities that are location specific. Accredited entities (AEs) are expected to use scientific sources for the climate information provided. Some of the elements that AEs must complete as part of the climate rationale justification include justification of the methodology used to assess GHG emission reductions/climate resilience; a clear quantification of the baseline scenario; and a description of GCF additionality.

There are publicly available resources online to inform and educate on how to strengthen climate interventions through appropriate climate information and coordinated policy action, including technical resources for assessing climate risks. AEs are advised to consult these resources before developing a GCF project proposal or when encountering difficulties in identifying the best available scientific information on climate trends and their societal impacts.

These external resources include:

- Integrating Climate Risk Information into NAPs: an online course;<sup>72</sup>
- ClimPACT: a tool to characterize the climate variability and trends from historical observations;<sup>73</sup> and
- Structured Access Platform: a resource providing access to methods, tools and data for preparing the climate science basis for proposed activities, including for describing potential future climate changes and incorporating projections of key climate indicators generated by ensemble models.<sup>74</sup>

Please note that these resources are intended for information purposes only. National designated authorities (NDAs) and delivery partners should consult with national meteorological and hydrological services and the World Meteorological Organization when developing the climate science basis for a project proposal.

<sup>71</sup> Although the terms “maladaptation” and “failed adaptation” are sometimes used interchangeably, they refer to two fundamentally different outcomes. Maladaptation is a process that results in increased vulnerability to climate variability and change, directly or indirectly, and/or significantly undermines capacities or opportunities for present and future adaptation. Maladaptation occurs because adaptation solutions are designed, funded and implemented based on obsolete data or faulty climate projections. Failed adaptation refers to initiatives that might have increased the resilience of communities and economies but could not be successfully executed.

<sup>72</sup> Available at <<https://unccelearn.org/course/view.php?id=60&page=overview>>.

<sup>73</sup> Available at <<https://climpact-sci.org/>>.

<sup>74</sup> Available at <<https://climateinformation.org/>>.

## BOX 11. ENHANCING THE CLIMATE SCIENCE BASIS OF A GCF FUNDING PROPOSAL

- Climate science inputs relevant to GCF submissions are outlined in a comprehensive manner drawing on a standardized scientific framework and a compendium of available data, methods and tools for analysing and documenting the past, present and potential future climate conditions which a GCF-funded project and/or adaptation plan might seek to address.
- The climate science basis for a specific priority area is articulated following three key steps: (i) a detailed description of the main climatic impacts or factors affecting a specific priority sector or location; (ii) the identification and production of data and science, including reference to the state of the climate (temperature, precipitation, ocean acidification, greenhouse gas emissions, etc.), characterization of the climate variability and trends from historical observations, and description of potential future climate changes using climate models; and (iii) the identification of adaptation/mitigation measures to address the past, present and expected future behaviour of the relevant climate indicators as described by available data sets identified and analyses, and which are feasible and would be effective under expected climate conditions. The connections between the climate conditions and the potential proposed actions are clearly described on the basis of the best available observations, data and science.
- Key assessment methodologies (specific data, methods and tools, etc.) are identified to document and analyse the climate variability and trends from historical observations and potential future climate changes from climate model projections in partnership with regional and international experts affiliated to the global hydrometeorological community. References to peer-to-peer academic literature, national policy or project reports, national sectoral studies, relevant maps, flow charts or graphs to relate past, present and future climate conditions to climate-related impacts in the sector and to support potential adaptation/mitigation priority actions are included in the project proposal.
- An assessment of needs and the related identification of specific capacity and/or technical gaps and challenges, or other barriers to climate science deployment are undertaken for project proposal development and implementation.

### CLIMATE CONTEXT FOR MITIGATION PROJECTS

The climate context for mitigation projects should be explained using the GHG emission reductions potential. National GHG emission inventories have associated uncertainties and require many sources on statistical information as an input. Information on atmospheric concentrations can potentially assist with an update of the national emission estimates, providing information both on sources and sinks of GHGs, and can be used to improve the knowledge and reduce the uncertainty of the national emission inventories.

As part of the FP development, AEs should define how the proposed intervention reduces GHG emissions to the atmosphere and provide a detailed description of how the projected emissions have been calculated with respect to the baseline scenario.

**Box 12** provides further information on the method to estimate GHG emission reductions for GCF projects/programmes<sup>81</sup>.

Detailed information shall be further provided in Annex on GHG emission reduction estimates, which is required for all projects that claim to have mitigation potential/ correspond to a mitigation results area.

## BOX 12. HOW TO ESTIMATE GREENHOUSE GAS EMISSION REDUCTIONS FOR GCF PROJECTS/PROGRAMMES

1. Choose a greenhouse gas (GHG) measurement, reporting and verification (MRV) methodology to establish the project baseline and justify its applicability to the project. Although no specific set of methodologies has been proposed for use by GCF to calculate GHG emission reductions, it is expected that accredited entities (AEs) can apply available and credible GHG methodologies and provide sufficient information on the results of such calculations and underlying assumptions. For example, the clean development mechanism under the United Nations Framework Convention on Climate Change<sup>a</sup> includes over 250 methodologies and is considered good practice for establishing baselines and quantifying GHG emission reductions. Other methodological approaches following the approach provided in the Intergovernmental Panel on Climate Change 2006 IPCC Guidelines for National Greenhouse Gas Inventories<sup>b</sup>, and 2019 IPCC Guidelines Refinement<sup>c</sup>, may also be applied, such as “gold standard”<sup>d</sup> methodologies, GHG accounting methodologies of various multilateral development banks, or methodologies of bilateral mechanisms established under Article 6 of the Paris Agreement, such as the Joint Crediting Mechanism. GCF may provide further guidance on the methodological approaches in the future.
2. Apply the guidance of the methodology to:
  - a. Establish a project baseline and quantify baseline GHG emissions;
  - b. Demonstrate that the baseline is different from the project scenario – this is often termed “additionality”. This provides the assurance that the project emits fewer GHG emissions than the level of GHG emissions that would have occurred in the absence of the GCF project interventions. For GCF, additionality serves as a rationale for funding; and
  - c. Quantify the project’s GHG emissions and GHG emission reductions. Note that mitigation is often calculated as baseline emissions less project emissions.
3. Provide a spreadsheet as an annex to the funding proposal for the calculation of GHG emission reductions, including all assumptions and equations used, to enable a technical assessment to retrace the calculations.
4. Explain how the monitoring and reporting of GHG emission reductions is planned to be conducted.

**Implementation tip:** While GCF does not currently have its own GHG emission MRV methodologies, AEs should follow in the funding proposal the GHG emission estimate guidance provided in the methodologies that the AEs select to apply. AEs should follow the guidance of the same methodology during project implementation and reporting to GCF.

<sup>a</sup> For further information on clean development mechanism methodologies, see <<https://cdm.unfccc.int/methodologies/index.html>>.

<sup>b</sup> Intergovernmental Panel on Climate Change. 2006. 2006 IPCC Guidelines for National Greenhouse Gas Inventories. S Eggleston, L Buendia, K Miwa, et al. (eds.). Hayama: Institute for Global Environmental Strategies. Available at <<http://www.ipcc-nggip.iges.or.jp/public/2006gl>>.

<sup>c</sup> Intergovernmental Panel on Climate Change. 2019. 2019 REFINEMENT TO THE 2006 IPCC GUIDELINES FOR NATIONAL GREENHOUSE GAS INVENTORIES. E Buendia, S Guendehou, et al. (eds.). Hayama: Institute for Global Environmental Strategies. Available at <<http://www.ipcc-nggip.iges.or.jp/public/2019rf>>.

<sup>d</sup>For further information please refer to: <https://www.goldstandard.org/>

## CLIMATE CONTEXT FOR ADAPTATION PROJECTS

The climate rationale for adaptation projects should demonstrate how the project/programme activities would help to reduce vulnerabilities to the impacts of climate change. This should clearly distinguish between the climatic and non-climatic drivers of stressors to humans and ecosystems and their vulnerabilities in order to allow

the project to achieve transformative results. In addition to climate factors, in the case of adaptation, the climate science basis should identify the degree of exposure and vulnerability of affected people and assets to current and future climate conditions, and their root causes, as a basis for identifying and prioritizing adaptation needs. The climate science basis supports the theory of change (see section B.2), identifying and characterizing the past, present and future behaviour of multiple climate drivers across spatial and temporal scales that are associated with societal impacts and which need to be addressed to improve future climate-related societal impacts. The climate rationale for adaptation can potentially broaden the prevailing “predict-and-act” approach whereby biophysical hazards are viewed as the main source of risk, neglecting the societal roots of exposure and vulnerability and the necessity for political–economic change to achieve transformative adaptation (see **Table 15**).

**TABLE 15. SCOPE OF THE “PREDICT-AND-ACT” APPROACH VERSUS THE CLIMATE RATIONALE**

	<b>“PREDICT-AND-ACT” APPROACH</b>	<b>CLIMATE RATIONALE/THEORY OF CHANGE</b>
<b>Objective</b>	Determine the likely future climate scenario and design the best policy for that future	Identify the greatest exposures, vulnerabilities and potential impacts across a diverse range of present and future climate conditions, and identify a suite of policy options that perform well across the range
<b>Conceptual framework</b>	Maximize expected utility	Minimize regret
<b>Main policy question</b>	“What is most likely to happen?”	“How does my biophysical and societal system work and in which conditions might my policies fail?”

The quantitative characterization of climate change as a prior input to decision-making usually ranks alternative policy options on the basis of probability distribution, suggesting a single, “best-guess” path to an optimal decision, losing applicability as it becomes increasingly sensitive to uncertainties. It may exacerbate the difficulty of getting diverse stakeholders to agree on probabilities as prerequisites for decisions or it can incentivize particular stakeholders to focus on specific predictions and uncertainties. The climate rationale decision-making model supports the overcoming of several weaknesses of the “predict-and-act” approach as it helps to identify a range of possible future scenarios and responses to vulnerabilities, facilitating the thinking across diverse circumstances for which decision makers would need to design policy responses, and guides the identification of the most useful policy alternatives (IPCC, 2019). These proposed responses generally perform well across a wide range of future scenarios, thus minimizing ‘regret’ under particular futures. This helps decision-making in case of missing data, inadequate theory or unpredictable and non-linear events, reconciling multiple views of the future.

The funding proposal should quantify the projected number of beneficiaries in the project/programme (and include a description of the methodology used to calculate that number) and describe (and, if applicable, quantify) the benefits that they would receive.

Strong articulation of the climate rationale established in the project/programme design could also support the identification of additional costs of adaptation induced by climate change. Such incrementality would require the identification of a baseline cost, which would be the additional costs incurred under business-as-usual development projections. By understanding the changes in the baseline variables associated with

climate impacts, the cost of the chosen adaptation options would then be considered as the incremental cost, or the burden due to climate change.<sup>75</sup> **Box 13** provides a case study example of a strong climate rationale in an adaptation project.

### **BOX 13. CASE STUDY EXAMPLE ILLUSTRATING A STRONG CLIMATE CONTEXT IN AN ADAPTATION PROJECT**

#### **FP108 – “Transforming the Indus Basin with Climate Resilient Agriculture and Water Management” in Pakistan submitted by FAO**

The project documentation shows that the target provinces will not only face increased surface temperature, erratic rainfall, a shift in availability of water, but also higher potential evapotranspiration rates and a further rise in crop water requirement for cropping systems that are attractive to poor farmers. While crop agriculture is sensitive to any of this climate change-induced phenomenon in the arid and semi-arid Indus basin, the included data showed that simultaneous occurrence of more than one or all of the above phenomena will be detrimental for farming in future decades. In addition to the above, to minimize the risk of maladaptation, the project also clarifies that efforts will be made to fine-tune relevant policy and regulatory regimes, including standards for the application of irrigation, to optimize water usage in ameliorating drought conditions and to a lesser extent, to reduce dependence on groundwater abstraction at the cost of deteriorating aquifers in water-scarce “tails” of the canal irrigation system.

### **CLIMATE PROBLEM/CONTEXT FOR CROSS-CUTTING PROJECTS/PROGRAMMES**

Cross-cutting projects/programmes need to demonstrate a climate rationale both for mitigation and for adaptation objectives, providing both a quantitative and a qualitative justification for the project. In other words, cross-cutting projects are those GCF funded programmes/projects that credibly deliver expected results for adaptation and mitigation as aligned with the GCF RMF/PMF results areas. Importantly, these expected results can be directly linked through GCF RMF/PMF impact and outcome indicators to programme/project investment, interventions or activities as outlined in the GCF funding proposal and FAA.

Adaptation and mitigation projects may report against core indicators covering both GHG emission reductions and beneficiaries. However, what fundamentally differentiates an adaptation or mitigation programme/project with a cross-cutting programme/project is reflected through the adaptation and mitigation logic and results chain which is articulated through clear linkages between: the climate rationale, the GCF RMF/PMF results areas selected (with the percentage of finance and results attributed) and the theory of change aligned with the adaptation and mitigation logic for the project structure and expected results. This logic is then aligned with GCF RMF/PMF indicators (where impact indicators must be substantiated by a corresponding outcome indicator) as applied in the logical framework and reported against through APRs in programme/project implementation.

It is important to note that for example many mitigation projects may have social, environmental or economic co-benefits. However, co-benefits being translated into GCF defined adaptation results areas and attributed to GCF RMF/

<sup>75</sup> Discussions on incremental costs may be further expanded based on decisions that might be taken by the Board at future Board meetings.

PMF impacts and outcome indicators without the intentionality and causal linkage to programme/project investment, interventions or activities does not make a programme/project cross-cutting.

Dialogue with stakeholders in all climate-sensitive sectors – from government ministries to the private sector, from non-governmental organizations to civil society – can allow for the identification of existing data for detecting gaps and constraints, analysing policy responses, and integrating and tailoring national, regional and global data sets to the decision-making needs of different users in the country.

## COMPLEMENTARITY AND COHERENCE

To demonstrate complementarity and coherence, corresponding to section A.19, AEs should specify if the project/programme is complementing other climate finance funding from other climate funds, such as the Global Environmental Facility, the Adaptation Fund, or the Climate Investment Funds. Further details could be provided in section B.1, including but not limited to:

- Previous projects/programmes: synergies can be pursued by building on previous experiences, scaling up activities, implementing lessons learned, or replicating another project, among other schemes; and
- Current, ongoing and new projects/programmes: synergies can be pursued by seeking co-financing from another climate fund, or identifying parallel financing from another project, among other schemes.

**Table 16** provides examples of types of synergies with climate funds.

**TABLE 16. EXAMPLES OF TYPES OF SYNERGIES WITH CLIMATE FUNDS**

TYPE OF SYNERGY	PROJECT/PROGRAMME
Funding proposals building on previous experiences from other climate funds to scale up the impact	<b>FP040 – European Bank for Reconstruction and Development:</b> The project aims to scale up the second phase of the Pilot Program for Climate Resilience of the CIF in Tajikistan
Funding proposals scaling up activities implemented with the support of other climate funds	<b>FP010 – UNDP:</b> The project seeks to de-risk and scale up investments in energy-efficient building retrofits in Armenia. This project's co-financing consists of a UNDP Transnational Resource and Action Center grant of USD 240,000 and USD 1 million in grant funding from the UNDP-GEF "Sustainable Cities" project
Funding proposals implementing lessons learned from initiatives financed by other climate funds	<b>FP050 – World Wildlife Fund:</b> Bhutan for Life: The project applies lessons learned from previous work financed by the GEF, including recommendations from a UNDP/GEF evaluation of Bhutan's REDD-plus programme

TYPE OF SYNERGY	PROJECT/PROGRAMME
Funding proposals that replicate the experience of an accredited entity in another country or region and supported by other climate funds	<b>FP049 – World Food Programme:</b> Building on work previously financed by the GEF, project participants build or recover assets that reduce the impacts of climate shocks and help food-insecure households and communities to adapt to the effects of climate change. The component benefits from the climate change adaptation strategies, technologies and best practices for small farmers emerging from the field farmers' schools of FAO in the context of a GEF-funded project. Additionally, the Adaptation Fund is one of several international institutions and donors that have been supporting disaster risk management and climate change adaptation efforts in Senegal
Funding proposals that contemplate co-financing from another climate fund	<b>FP065 – World Bank:</b> The project was designed contemplating a USD 25 million grant (USD 5 million from GCF and USD 20 million from the CIF Clean Technology Fund) and aims to act as a first loss/liquidity facility for the energy efficiency facility to reduce the risk for CAIXA Econômica Federal (the executing entity) and any private sector investors
Funding proposals with parallel financing from other climate funds	<b>FP019 – UNDP:</b> The project includes funding from a GEF project (approximately USD 2 million) and is implemented by UNDP, the United Nations Environment Programme and FAO based on the national REDD-plus action plan, as well as funds committed by the Government of Ecuador. This project has parallel financing from the CIF Forest Investment Program, which supports Ecuador's REDD-plus efforts by providing upfront bridge financing for readiness reforms and public and private investments to address the underlying drivers of deforestation and forest degradation

*Abbreviations:* CIF = Climate Investment Funds, FAO = Food and Agriculture Organization of the United Nations, GEF = Global Environment Facility, UNDP = United Nations Development Programme.

## B.2. Theory of change (maximum 1,000 words, approximately 2 pages, plus a diagram)

This section of the funding proposal provides information on the theory of change and describes how the proposed project/programme serves to shift the development pathway towards low-emission and/or climate-resilient development. AEs are requested to provide a diagram of the theory of change as part of section B.2 of the funding proposal, along with a description of the diagram.

The theory of change, despite being called a “theory”, is a methodological approach that allows AEs and project developers to design and plan a project by first setting up the long-term project goals and objectives then mapping backwards to identify the necessary preconditions to meeting those goals, the project outcomes and outputs, as well as the assumptions under which the theory of change is developed. In this way, the theory of change clearly articulates how the results chain will cascade from the theory of change statement to the project activities.

In the context of GCF, the presentation of a project-specific theory of change is required to support, among others, the demonstration of the funding proposal's paradigm shift potential and should also illustrate causal linkages between and among the results hierarchy that will permit project planners to understand better how and why a project's impact(s) can be delivered. Additionally, the project logical framework is linked to the theory of change and the logical framework indicators shall be developed in such a way that they support the theory of change and track the process towards achieving the long-term goals and objectives of the project(s).

The section below presents a practical step-by-step guide on formulating the theory of change for GCF projects. Additionally, **Table 17**, which is based on document GCF/B.07/04,<sup>76</sup> explains the difference between impact, outcome and output (project

<sup>76</sup> Document GCF/B.07/04 titled “Initial Results Management Framework of the Fund”.

result) levels, as well as inputs and activities, in the GCF mitigation and adaptation logic models. It is recommended that the same hierarchy is maintained in developing the theory of change.

**TABLE 17. LEVELS OF THE LOGIC MODEL**

<b>Impact level</b>	Aggregate changes achieved in the GCF key strategic results areas
<b>Outcome level</b>	Aggregate changes achieved in the country or region, as well as in the relevant policies and policy documents
<b>Output/project result</b>	Changes achieved as a result of project or programme activities
<b>Activity</b>	Direct services provided through GCF investments
<b>Input</b>	GCF grants, concessional loans, guarantees or other financial instruments, as well as human effort

#### STEP 1: FORMULATION OF THE GOAL

The first step in developing a theory of change is to determine the overarching goal. It is important to keep in mind that the goal is not what the project does on its own, but something that the project contributes to achieving. In the context of GCF, it is important to always consider how the goal is aligned with the eight GCF results areas and the GCF goals.

#### STEP 2: FORMULATION OF THE GOAL STATEMENT

The goal statement is the second important part of the theory of change. It is usually structured in the "IF ... THEN ... BECAUSE ..." format and explains the causal linkages between the project outputs, outcomes and the goal that the project will help to achieve. It is important to note that the goal statement is not static and can be updated after its initial formulation, as explained in the next steps. (Please see **Figure 21** for an illustrative example of a goal statement.)

#### STEP 3: FORMULATION OF OUTCOMES

In this step, the AE should look into the outcomes (or conditions) that contribute to achieving the goal established in step 1 and the linkages between the various outcomes. The outcomes will then provide the framework to analyse which outputs from which types of activities or interventions will lead to the desired outcomes. Depending on the type of project, there can be several outcomes leading to another outcome (i.e. several layers of casual relationships). Analysing the relationship among the various project outcomes is crucial to the design of a solid theory of change.

#### STEP 4: FORMULATION OF PROJECT RESULTS

In this step, the AE should analyse the activities, inputs and outputs that can lead to the project results of the project. Project results can be related to one specific outcome or to several outcomes.



## STEP 5: KEY ASSUMPTIONS

In this step, it is important to identify the assumptions that apply to each of the outcomes and the underlying activities. While making the assumptions, it may be necessary to rearrange some of the outcomes and project results in order to make sure that the theory of change applies realistic assumptions linked to the project outcomes.

## STEP 6: IDENTIFICATION OF BARRIERS AND RISK

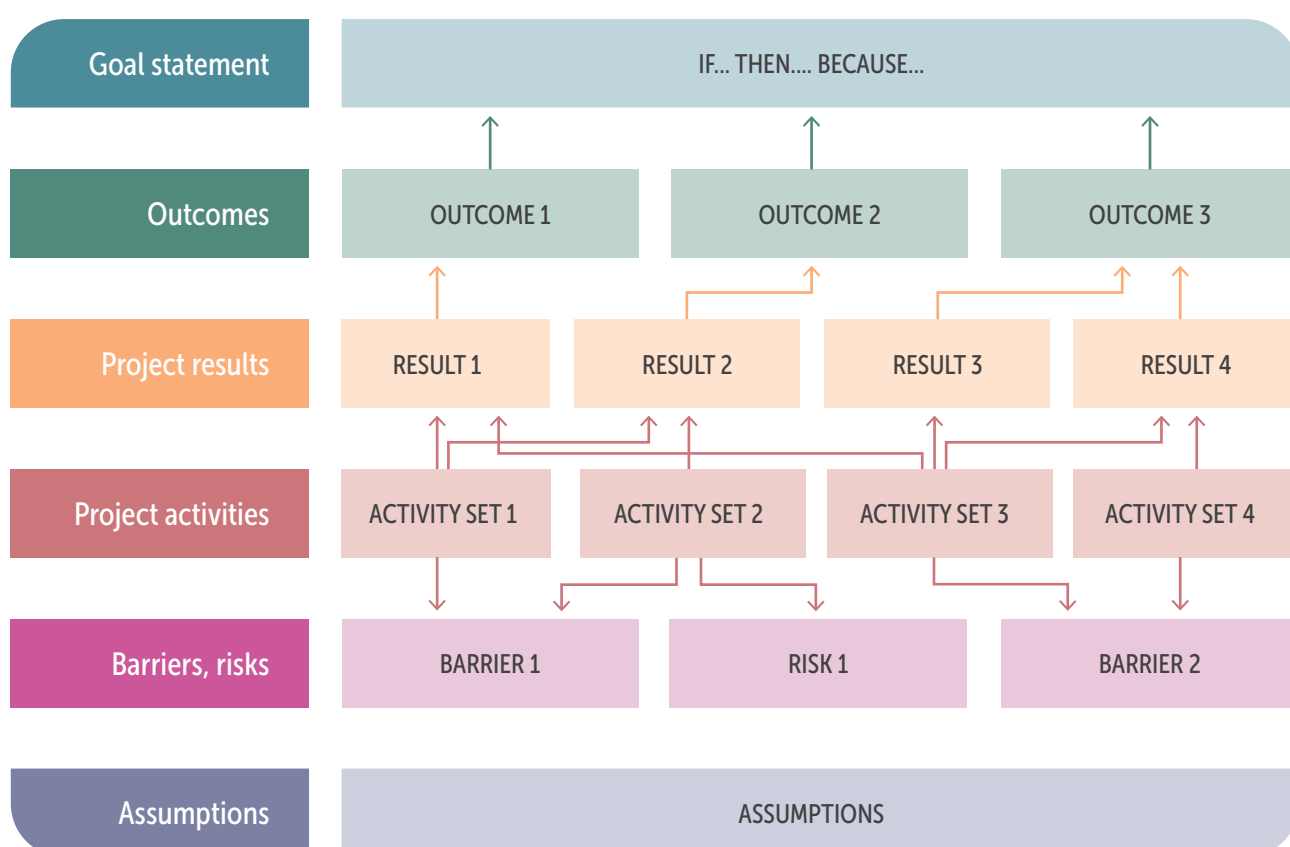
At this stage, the barriers that prevent the realization of the project outcomes shall be identified and listed. When the barriers are aligned with the assumptions and the outputs, it may be necessary to rearrange some of the outputs, and even some of the outcomes.

## STEP 7: FINE-TUNING OF THE INITIAL THEORY OF CHANGE

The development of a theory of change requires a series of iterations before it is finalized. Once the initial draft of the theory of change has been formulated, it is important to review and, if necessary, realign the linkages between the project results, outcomes and the final goal to ensure that all linkages have been captured, and that the theory of change presents in a logical manner how the goal cascades back to the outcomes and results. In this process, for example, some outputs may be removed or replaced, and linkages changed in order to establish a clear logical pathway. The process of fine-tuning the theory of change may be repeated several times.

**Figure 21** presents an example of a completed theory of change following the steps above.

FIGURE 21. EXAMPLE OF A COMPLETED THEORY OF CHANGE



**Implementation tip no.1:** It is strongly recommended that the theory of change is drafted at the onset of the project proposal development in order to provide the project proponents with a clear picture of the transformational process that underlines the proposed project and the way the project generates impact. Additionally, AEs are recommended to complete the logical framework section once the theory of change section is completed, or even in parallel with the development of the theory of change, in order to ensure that the logical framework is designed in such a way that it can measure the progress under the theory of change and test it.

The theory of change is essentially an illustration of how and why a desired change is expected to happen in the context of a project/programme. It provides the basis for identifying what type of activity or intervention will lead to the outcomes identified as preconditions for achieving the proposal's long-term goals. It is focused on mapping out what has been described as the 'missing middle' between the intended interventions and the desired goals. The theory of change facilitates better planning, in that activities are linked to a detailed understanding of how change happens. It also leads to better evaluation, as it is possible to measure progress towards the achievement of long-term goals that go beyond the identification of intended outcomes.

The innovation of the theory of change lies in making the distinction between desired and actual outcomes, as well as in requiring stakeholders to model their desired outcomes before they decide on forms of intervention to achieve those outcomes. The development of the theory of change should promote an inclusive process involving stakeholders with diverse perspectives in achieving solutions. The ultimate success of any theory of change lies in its ability to demonstrate how proposed activities will achieve the desired outcomes. The added value of a theory of change lies in outlining a conceptual model that demonstrates the causal connections between conditions that need to change in order to meet the proposal's ultimate goals.<sup>77</sup>

### **B.3. Project/programme description (maximum 2,000 words, approximately 4 pages)**

This section of the funding proposal should be well-structured and linked to section E (titled "Logical framework"). The description should specify the cause-effect relationships among components, outputs and activities that are logically connected, as well as how the overall components integrate with one another to achieve the stated objective. For GCF, components reflect the project-/programme-level outcomes. AEs are requested to adhere to this structure. This section of the funding proposal should be consistent with and/or summarize:

- **Section C.2** ("Financing by component");
- **Section E.5** ("Project/programme performance indicators");
- **Section E.6** ("Activities");
- **Annex 4** ("Detailed budget plan");
- **Annex 5** ("Implementation timetable, including key project/programme milestones"); and

<sup>77</sup> Taplin D, Clark H, Collins E and Colby D. 2013. *Theory of Change Technical Papers: A Series of Papers to Support Development of Theories of Change Based on Practice in the Field*. New York: Acknowledge and Rockefeller Foundation. Available at <<https://www.actknowledge.org/resources/documents/ToC-Tech-Papers.pdf>>.

- **Annex 18** ("Appraisal, due diligence or evaluation report for proposals based on scaling up or replicating a pilot project").

A suggested outline of how to approach this section is to:

- Briefly restate the specific objective(s) of the proposed project/programme and clearly explain the climate objective that the project/programme will achieve through its components;
- For each component, clearly describe (i) the results that will be achieved and the underlying outputs and activities for each component, (ii) the identity of the beneficiaries, including (where applicable) setting out the detailed, specific and objective criteria for the selection and identification of the beneficiaries, and (iii) where there are multiple Executing Entities involved, which Executing Entity is implementing a particular activity;
- Connect how each of the components contributes to the impact and outcome results of the GCF performance measurement frameworks; and
- Conclude by showing how these components are integrated with each other, how they work together towards the stated objective, and how they connect with the theory of change, removing the barriers identified and described in section B.2.

For clarity, the components and related outputs should be numbered (e.g. in a logical framework). For example: component 1; output 1.1, 1.2; activity 1.1.1, 1.1.2; etc. Focus on describing how the funding will be divided between resources from GCF and co-financiers. Be specific in describing the activities, outputs, results and the criteria for the selection and identification of the project/programme beneficiaries. Where possible, quantify the estimates for the outputs and activities (e.g. the number of workshops to be held or number of hectares of forest to be planted/restored).

For projects/programmes with financial intermediation for loans or on-granting, including enhancing direct access proposals, this section should describe the selection criteria of the subprojects and types. Please refer to Annex VI of this manual for a checklist of the minimum items to be addressed in Section B.3.

**Implementation tip no. 2:** The project or programme should be implemented as per the description in the funding proposal. In cases where deviations occur or are expected to occur, such deviations should be reported to GCF as per the established procedures. For more information on possible changes during implementation phase, please refer to section 9 of the Programming Manual.

#### **B.4. Implementation/institutional arrangements (maximum 1,500 words, approximately 3 pages, plus a diagram)**

This section contains the description of the proposed implementation and governance structure and arrangements for the project/programme.

For the drafting of this section, firstly, it is advisable to consult the AMA regarding the roles and responsibilities of the AE and an Executing Entity, and regarding the contractual requirements to be put in place between the AE and the Executing Entity. For example, in the AMA, please refer to the definitions of Executing Entity and Subsidiary Agreement, and Clauses 8, 9 and 10 of the template AMA). Please also refer to **Part I. Section 4.2.5 (Implementation Arrangements; Executing Entity)** and **Annex 9 (Legal due diligence)** to the FP of this Manual.

Secondly, it is essential to ensure that the information provided in this section is consistent with and is based on the information provided in Section B.3 (Project/Programme description) and Section H (Logical Framework). Lack of consistency across various sections of the FP results in delays in FP review, time consuming additional rounds of reviews by both the AE and GCF, and potentially even risk the FP not being submitted to the Board meeting because it cannot be finalized on time.

Please see below a checklist that can be used when completing this section:

1. Who is the Executing Entity for the project/programme.
  - Will the AE act as the Executing Entity or will there be entity(ies) other than the AE that will act as Executing Entity(ies) for all or part of the project/programme?
  - The description of the Executing Entity(ies) should provide information on the legal status and legal capacity of each of the Executing Entity(ies) (i.e. regarding their individual legal personality and authority to act and enter into contracts independently).
  - Does the selected Executing Entity have the financial management capacity to carry out the project/programme? For example, if the project/programme involves loan or equity financing, does the relevant Executing Entity have the legal and financial capacity to carry out such financial transactions? (please refer to Clause 10.02(a)(i) of the template AMA)
2. Where the project involves more than one Executing Entity, have their respective parts and roles in the implementation of the project/programme activities been clearly set out? If there are multiple Executing Entities involved, consider setting out the information in table form:

COMPONENT	OUTPUT	ACTIVITY	EXECUTING ENTITY

3. Does the proposed implementation arrangement and contractual arrangement match with the proposed project/programme financing structure as described in Section B.3, Section C.1 and Section E of the Funding Proposal?

#### Subsidiary Agreement

Pursuant to the AMA, given the roles and responsibilities of an Executing Entity, the AE must enter into a legal agreement i.e. the Subsidiary Agreement with each Executing Entity in order to pass down the relevant obligations of the AMA and FAA, as well as the AE's requirements and policies, so that the project is implemented in accordance with the GCF's and AE's policies and the FP approved by GCF. Subsidiary Agreements must be legally binding and enforceable agreements.

GCF does not enter into a contract with any Executing Entity or other stakeholders involved in project implementation for it is the responsibility of the AE.

4. If the project involves other key parties which are not EEs (e.g. for project finance, the EPC and O&M contractors), please describe their roles and the contractual arrangements to be put in place with them?

Note: In principle, it is not necessary to list procurement contracts in the FP. Under the AMA, the AE applies its own procurement policies and procedures which were assessed at accreditation in the implementation of the project/programme. Please refer to Clause 14.01 of the template AMA.

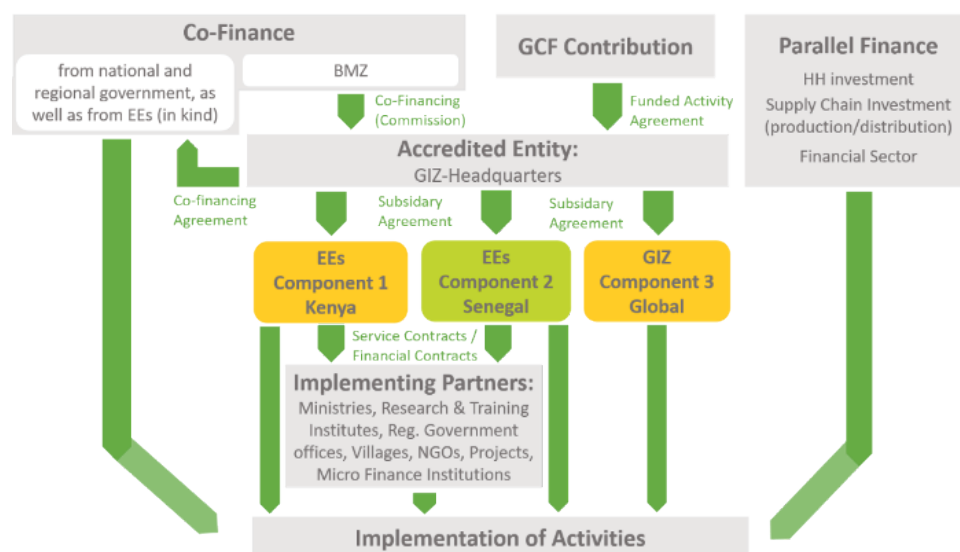
5. Has the flow of funds from the GCF and any Co-financiers to the project been clearly described in a manner consistent with the Section B.3 and Section C.1? If the project/programme involves any financial reflows, the reflow of funds from the project to GCF and any co-financiers should also be provided;
6. In case of programmes that consist of multiple sub-projects and investments to be selected and executed after the FP is approved, what are the eligibility criteria for selecting, and who (which legal entity) will be selecting, the entities that will carry out such sub-projects and investments? What are the roles and responsibilities of those entities to be selected? Will they be acting as Executing Entities?
7. If it is a programme that involves the selection and financing of multiple sub-projects, investments or interventions pursuant to eligibility criteria, what is the mechanism for screening and approving the sub-projects, investments or the interventions? Which entity will be in charge of carrying out such functions?]
8. Are there any governance bodies, such as project steering committees or technical committees, which will oversee or be involved in the project/programme implementation (e.g. by approving work plans, annual budgets, reporting, selection of eligible activities, etc.)? In such cases, the Executing Entity(ies) must retain the final approval authority over any matter submitted to, or decision adopted by, any such governance bodies.
9. Will there be a project management unit (PMU) or project implementation units (PIU) established? If so, clearly mention who is responsible for hosting and managing the PMU and/or PIUs (e.g. will the AE or EE appoint or engage personnel for such purposes?).
10. Please insert a diagram or diagrams setting out:
  - (for the purposes of facilitating review by all relevant stakeholders) the project/programme financing structure and flow/reflow of funds. If the project/programme involves any financial reflows, the diagram should illustrate the reflow of funds from the project to GCF and/or to any co-financiers consistent with the information set out in Section B.3 and Section C.1 of the FP;
  - the project/programme implementation and governance structure indicating the Executing Entities and, if applicable, other key parties involved in project implementation and decision-making; and
  - the project/programme contractual arrangements indicating the type of contracts to be entered into between the GCF, the Accredited Entity and the Executing Entity(ies) as well as, if applicable to the project/programme, the Co-financiers, project sponsors, project beneficiaries and other key contractors.

In addition to the FAA between the AE and the GCF (which may be in the form of, for example, a grant, reimbursable grant, loan, guarantee and/or trust agreement), the types of contracts to be put in place for project/programme financing and implementation may include, without limitation, the following:

- Subsidiary Agreement(s) between the AE and the Executing Entity(ies), if different from the AE. Please indicate the financial instrument of the Subsidiary Agreement e.g., grant, loan, guarantee, reimbursable grant, equity investment etc which must be consistent with the information provided in other sections of the FP including Section B.3, Section C.1 and Section E.
- Technical assistance agreements
- Co-financing Agreements

- Parallel Financing Agreements
- Legal agreements between the Executing Entity(ies) and the project beneficiaries and/or final recipients of funding;
- EPC contracts, Operations and Maintenance Agreements, Power-purchase or other offtake agreements
- Shareholders Agreement, Subscription Agreement, Limited Partnership Agreement.

**FIGURE 22. ILLUSTRATION OF FLOW OF FUNDS AND CONTRACTUAL ARRANGEMENTS AS PRESENTED BY THE DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) IN FUNDING PROPOSAL FP103**



**FIGURE 23. ILLUSTRATION OF THE GOVERNANCE AND IMPLEMENTATION STRUCTURE OF AN ENTIRE PROJECT AS PRESENTED BY THE DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) IN FUNDING PROPOSAL FP103**



### **B.5. Justification for the GCF funding request (maximum 1,000 words, approximately 2 pages)**

This section should explain why the project/programme requires GCF funding, for example: Why is the project not currently being financed by the public and/or private sector? Which market failure is being addressed with GCF funding? Are there any other domestic or international sources of financing?

This section should also explain the need for the proposed financial instrument or mix of instruments, for example: What is the coherence between activities financed by grants and those financed by reimbursable funds? How were the co-financing amounts and prices determined? How does the concessionality of the GCF financing compare to that of the co-financing? How will grants facilitate the sustainable development of the sector, or further new private sector investments? If applicable, the AE should provide a short market read of the banking and/or financial markets for similar projects/programmes, or refer to feasibility studies if such market analysis was performed therein.

In addition, this section should justify why the level of concessionality of the GCF financial instrument(s) is the minimum required to make the investment viable considering the incremental cost or risk premium of the project/programme. Additionally, the AE should explain how the financial structure and proposed pricing fit with the concept of minimum concessionality, and who benefits from concessionality.

It should also consider the risk-sharing structure between the public and private sectors, the barriers to investment and the indebtedness of the recipient.

Reference should be made to the feasibility study, economic analysis and/or financial analysis, where appropriate.

### **B.6. Exit strategy and sustainability (maximum 500 words, approximately 1 page)**

This section should elaborate on how the project/programme will be sustained following the conclusion of GCF support. The elements listed below can be presented to make the case for a GCF exit strategy and to demonstrate the long-term sustainability of the project/programme:

- a. Explain how the project/programme supports the capacity of the institutions involved, including a concrete strategy for staff retention and sustainability indicators;
- b. Highlight how ownership of the beneficiaries is established, both for community members and institutions;
- c. Showcase how the project/programme invests in technologies that are sustainable and suitable in the local context;
- d. Discuss how the project/programme supports policies and/or regulatory frameworks that impact the sustainability of the results in the long term and how the government policies and regulatory framework support the viability of the project; and
- e. Include information on the operation and maintenance of investments (e.g. infrastructure, assets, contractual arrangements) and how the government/beneficiaries will support the operation and maintenance of projects without any revenue potential;

---

Ensuring the sustainability of the outcomes and results of the project/programme is also relevant to section B.5, section F ("Risk assessment and management") and annex 21 ("Operations manual (operations and maintenance)").

To achieve paradigm shift and contribute to the creation of an enabling environment, the long-term sustainability of the project/programme must be ensured. The project should demonstrate consideration of arrangements that provide for the long-term and financially sustainable continuation of relevant outcomes and activities derived from the project/programme beyond the completion of the intervention. This sustainability should be considered from multiple angles and at multiple layers, including the financial, institutional, social, gender equality and environmental aspects.

The demonstration of sustainability should cover issues such as the extent to which the project/programme creates new markets and business activities at the local, national or international levels; the degree to which the activity will change incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-emission and climate-resilient solutions; and the degree to which the proposed activities help to overcome systematic barriers to low-emission development to catalyse impact beyond the scope of the project or programme. Long-term ownership of the beneficiaries of the project should be ensured.

Several activities are recommended to be undertaken to ensure the long-term sustainability of the project at the appraisal stage:

- Consider teaming with a local partner in project implementation;
- Consider the inclusion of national and/or local capacity-building activities/revision of regulatory frameworks as a project component;
- Consider various possible technologies to be used in the project as part of the technical assessment and how those will be sustained;
- Ensure appropriate stakeholder consultations, in particular with project beneficiaries; and
- Prepare an operation and maintenance plan that would be used following project completion.

The operation and maintenance plan ensures that the project's long-term sustainability is secured through a rigorous monitoring procedure. It is therefore highly encouraged that proposals should include as an activity the preparation of an operations manual, in particular for large infrastructure projects.

## SECTION C. FINANCING INFORMATION

Section C explains the financial instrument(s) and amount of funding being requested from GCF, as well as the co-financing available for the project/programme.

At its twenty-fourth meeting, the Board adopted a Policy on Co-financing,<sup>78</sup> which sets out the co-financing principles and reporting requirements for accredited entities (AEs) on the co-financing provided, as well as the private finance leveraged and mobilized.

---

<sup>78</sup> Decision B.24/14.



Principles for co-financing:

- There is no minimum amount of co-financing required for a funded activity, and no specific sources of co-financing that must be complied with;
- Wherever possible, funded activities should seek to incorporate appropriate levels of co-financing to maximize the impact of GCF proceeds, to be determined on case-by-case basis taking into account country ownership and the needs of developing countries;
- Maximizing co-financing is desirable, but is not a stand-alone target;
- Co-financing should be assessed in a comprehensive manner in conjunction with other indicators included in the investment framework; and
- Where GCF funding covers all or part of the incremental costs of a funded activity, other costs should be co-financed by other sources.

GCF provides financing in the form of:

- Grants;
- Loans;
- Equity; and
- Guarantees.

At its fifth meeting, the Board adopted the guiding principles and factors for determining the terms and conditions of grants and concessional loans.<sup>79</sup>

The GCF financial terms and conditions of grants and concessional loans are outlined in **Tables 18 and 19**.<sup>80</sup>

**TABLE 18. TERMS AND CONDITIONS OF OUTGOING GRANTS**

	CURRENCY	REPAYMENT
Grants	Major convertible currency	<ul style="list-style-type: none"> <li>• Grants without repayment contingency: no reimbursement required;<sup>a</sup> and</li> <li>• Grants with repayment contingency<sup>b</sup>: terms adapted to the required concessionality of the project or programme</li> </ul>

<sup>a</sup> 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 GCF or involved in a material violation of the integrity or fiduciary standards of GCF, including those on corruption and fraud.

<sup>b</sup> Pursuant to Decision B.09/04, grants with repayment contingency shall only be used for financing of the private sector.

<sup>79</sup> Decision B.05/07.

<sup>80</sup> Annex II to decision B.09/04 (annex II to document GCF/B.09/23 titled "Decisions of the Board – Ninth Meeting of the Board, 24–26 March 2015").

**TABLE 19. TERMS AND CONDITIONS OF OUTGOING CONCESSIONAL LOANS TO THE PUBLIC SECTOR**

	CURRENCY	MATURITY (YEARS)	GRACE PERIOD (YEARS)	ANNUAL PRINCIPAL REPAYMENT YEARS 11–20/6–20 (PERCENTAGE (%) OF INITIAL PRINCIPAL)	ANNUAL PRINCIPAL REPAYMENT YEARS 21–40 (PERCENTAGE (%) OF INITIAL PRINCIPAL)	INTEREST	SERVICE FEE	COMMITMENT FEE
High concessionality	Major convertible currency	40	10	2%	4%	0.00%	0.25%	Up to 0.50%
Low concessionality	Major convertible currency	20	5	6.7%	Not applicable	0.75%	0.50%	Up to 0.75%

The terms and conditions for non-grant instruments for the private and public sectors for instruments other than concessional loans are established on a case-by case basis and agreed between the AEs and the Secretariat prior to completion of the term sheet. Considerations such as financial models, profitability ratios and sensitivity analyses should be taken into account when setting the terms and conditions for private sector projects.

AEs are requested to apply the financial terms and conditions set out in annex II to decision B.09/04 in a fit-for-purpose manner, provided that such terms and conditions do not exceed the upper limits set out therein.<sup>81</sup>

The following criteria/considerations could also be considered when deciding on the terms and conditions of the proposed financial instruments of the project:

- Financial and economic analysis of the proposal;
- Degree of capital market development;
- Microeconomic conditions of the borrowing country;
- Interest rate stability/volatility; and
- The country's sovereign ratings.

Hurdle rates, profitability ratios and ranges of discount rates based on the typology of instruments and project characteristics are also an important criterion in the decision-making process, particularly for private sector proposals that can facilitate negotiations with AEs on the terms and conditions of specific proposals.

GCF offers concessionality in order to facilitate a high-impact climate action that would otherwise not take place. In many countries, a paradigm shift towards low-emission and climate-resilient development pathways cannot be achieved through existing market conditions. Although reducing greenhouse gas emissions and increasing climate resilience has economic benefits for the public, these benefits are often undervalued or not priced in public and private investment decisions, leading to suboptimal outcomes. To circumvent these market failures, GCF provides concessional

<sup>81</sup> Decision B.17/08, paragraph (c)(iii). Decision B.17/08 providing flexibility on the use of the financial terms and conditions for concessional loans to public sector as upper limits, only applies for projects that target the specific result areas in which GCF would have more impact and until the GCF reviews the financial terms and conditions in B.09/04, annex II.

financing to align the financial incentives with the economic benefits, thereby leading to low-emission and climate-resilient investments.

When deciding on the concessionality, it is important to consider linkages to other GCF initiatives/tools such as incremental cost, grant element calculation, co-financing, viability, economic and financial analysis of the funding proposal, and risk premium.

The appropriate level of concessionality and use of financial instruments is crucial in project/programme appraisal. AEs are requested to clearly justify the type of financial instrument requested and provide the relevant documentation (financial model, if available). In order to justify the requested financial amount, it is important to consider alternative options and analyse why the project is not currently financed by other financiers, including the private sector (e.g. what barriers might be present?).

The GCF risk guidelines for funding proposals,<sup>82</sup> adopted by the Board through decision B.17/11, are divided into four types of risk, including a category on setting the terms and conditions of funding proposals, which aim to establish a comparable standard to consider risk across different funding structures. According to the guidelines, GCF may accept a range of deal structures with varying levels of complexity, participation of co-investors, blending of funding instruments and modalities, control and ownership structures, and financial terms and conditions.

The following principles are best practices in private sector and public sector operations with the potential to generate reflows (i.e. the ability to repay the capital and interest received) that should be applied when determining the terms and conditions:

- a. Extend the minimum level of concessionality needed for the project or programme to make it viable, thus avoiding any market disruptions by crowding out private sector investors in the climate space;
- b. Explain how the concessionality of GCF financing is passed on to the project beneficiaries;
- c. Provide scenarios of project viability with and without GCF financing;
- d. Ensure that GCF intervention is mostly a catalyst for further co-financing, crowding in investors; this is the case of acting as 'anchor' capital in equity structures or in risk mitigation;
- e. Ensure the sustainability of the intervention beyond the first concessionality, whichever the financing instrument used (this includes dedicated capacity-building and knowledge transfer in full concessionality instruments); or ensure 'graduation' or movement towards partial or full commercial viability, in the case of concessional loans;
- f. Structure the concessional product in such a way that it dedicates GCF resources to mitigation and adaptation measures that address the root cause of market failures and work towards the removal of barriers to pro-climate investments, thereby bringing market transformation towards low-emission and climate resilience; and
- g. Ensure that the GCF concessional tranche is central to upholding higher standards in the development of funding proposals throughout the entire cycle, for example by including key considerations as defined in the investment criteria of GCF.

While GCF does not have any specific co-financing targets, the requested funding amount should be commensurate with the mitigation and adaptation benefits provided by the project/programme and the barriers to financing that exist in the context of the project's activities.

<sup>82</sup> Annex VIII to decision B.17/11.

Furthermore, since project activities often target multiple areas and provide multiple benefits (e.g. co-benefits from improved agricultural productivity, biodiversity conservation benefiting from improved ecosystems management), additional financial contributions from other donors should be sought, where possible.

## C.1. Total financing

**Subsection (a):** Requested GCF funding: What is the funding amount requested from GCF? The amount should be specified in addition to the financial instrument. GCF financing can be deployed as grants, loans, equity, guarantees and other instruments. A proposal can use more than one financial instrument, such as loans blended with grants for technical assistance activities (subject to the accreditation scope of the AE). If debt instruments, such as loans, are required, their tenure and interest rate/pricing should be indicated and applied according to GCF's financial terms and conditions.

**Subsection (b):** Co-financing information: This subsection requires AEs to list all the institutions that provide co-financing to the project/programme as defined in the GCF Policy on Co-financing.<sup>83</sup> This subsection requests the same type of information as provided in subsection (a), but refers to the co-financing provided by third parties, such as the AE, the EE, beneficiaries, relevant government or any other investors. The "Seniority" column refers to co-financiers that use loans. In such cases, the loans can be either *pari passu*, senior, or junior in relation to the GCF position. When providing information on the in-kind support, this should refer to any in-kind financing that can be assigned a certain monetary value and be specified in the relevant detailed budget. Therefore, in such cases, AEs should consider whether the in-kind support can be credibly quantified and assigned a monetary value, and whether it can be reported and tracked.

**Subsection (c):** Total financing: This subsection lists the total cost of the project/programme, calculated as the sum of subsections (a) and (b).

**Subsection (d):** Other financing arrangements and contributions (maximum 250 words, or approximately 0.5 pages)

### NOTE ON CURRENCY

GCF can provide financing and disburse funding in major convertible currencies, such as in United States dollars (USD) or Euros (EUR), British pounds sterling (GBP) or Japanese yen (JPY). If financing is requested in another currency and a converted figure is provided in USD or EUR, a footnote or a paragraph below the table should refer to the date when the currency conversion was performed and the reference source (e.g. United Nations exchange rates) for the operating currency in the country. If commitments from the government(s) are in local currency, the same rate of exchange must be applied to the annexes and other sources contained in the funding proposal.

In this subsection, please explain whether any of the financing parties, including another AE, would be benefiting from other types of financing, such as a guarantee arrangement or insurance (e.g. sovereign guarantee, multilateral investment agency guarantee).

Funded activities may benefit from direct support from the government(s) of the country(ies) where the project activities will be implemented. This support can vary and

<sup>83</sup> See <<https://www.greenclimate.fund/document/policy-co-financing>>.

be provided in different forms, such as a sovereign guarantee, tax exemptions, access to land or other assets, or other in-kind support. In-kind support is often provided through the provision by the government(s) of staff who are assigned to work on the funded activity and the availability of facilities/office space for the AE or executing entity to conduct the project management/coordination functions, among other modalities (e.g. operation and maintenance of assets financed by the project). In-kind support that cannot be assigned a certain monetary value should be listed in this section.

Other parallel financing could include indirect or direct financial support to the project from other third parties. Such support may include loans provided directly to project beneficiaries that are not channelled through the AE. Such information on any other form of additional financing should be clearly described in section C.1 of the funding proposal template and referred to as "parallel financing". Please refer to the definition of parallel finance in the GCF Policy on Co-financing.

## C.2. Financing by component

The table in this section of the funding proposal provides the breakdown of the expenses by components and outputs. "Components" refer to what are often known as "outcomes" in the logical framework hierarchy and in the general description of the specific objectives of the proposal. The table should be developed once the entire budget and logical framework have been structured. There should be consistency between the information provided in this table and that contained in the other sections and annexes of the funding proposal (e.g. logical framework, budget details and term sheet).

This section should also provide an estimate of the total cost per component, as outlined in section B.3 ("Project/programme description") and disaggregate the cost by source of financing. Please note that there can be more than one co-financing institution funding a single component and/or output and/or activity. This section should focus on describing the elements that are being funded, either by GCF funding or co-financing resources.

The table in the funding proposal template should match the relevant annexes, including annex 4 ("Detailed budget plan"), annex 5 ("Implementation timetable, including key project/programme milestones") and annex 14 ("Term sheet"). Please note that project management costs should be included separately from the components of the project/programme but within the budget for the project. However, the AE fees should be presented as a separate budget and not be considered in the total project size.

## C.3. Capacity-building and technology development/transfer (maximum 250 words, approximately 0.5 pages)

For GCF portfolio-level reporting purposes, this section should indicate whether GCF funding is being used to finance capacity-building activities and/or technology development/transfer. If so, this section should elaborate on these activities and, to the extent possible, provide the total GCF funding amount requested for them. Amounts indicated should form part of the total requested GCF amount in section C.2. If a component corresponds to capacity-building activities, please insert the relevant detailed information under this section.

With respect to capacity-building, examples of details to be inserted include, but are not limited to: institutional capacity-building for the sustainability of the project; the enhancement and/or creation of an enabling environment; technical knowledge

transfer; capacity-building for the implementation of adaptation, resilience-building and mitigation measures; research and systematic observation; and education, training and public awareness.

In addition, to the extent possible, details of technology development/transfer should be provided in a qualitative and quantitative manner. For example, for qualitative details, consider the type of climate technology proposed. Moreover, it could be provided as a breakdown of the costs related both to capacity-building and to technology development/transfer (e.g. costs to cover technical support for awareness-raising, gender mainstreaming, trainings, climate-technology equipment, research and development of technologies, incubators and/or accelerator components).

## SECTION D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF initial investment framework. Investment criteria indicators are first presented for the accredited entities (AEs) to consider, followed by guiding questions for each criterion to be considered when designing the project/programme. The guiding questions are formulated based on the subcriteria indicators presented in the results management framework.

### INVESTMENT CRITERIA INDICATORS

At its seventh meeting, the Board adopted the initial investment framework,<sup>84</sup> which specified six investment criteria for assessing funding proposals. Subsequently, the Board adopted more detailed elements of the criteria at its ninth meeting.<sup>85</sup> The criteria include the potential impact/result of the proposal, its paradigm shift and sustainable development potential, the needs of the beneficiary country, and the degree of country ownership and institutional capacity, as well as the economic efficiency and effectiveness demonstrated by the proposal.

The investment criteria indicators adopted by the Board at its twenty-second meeting in February 2019<sup>86</sup> will strengthen the implementation of the investment framework and will help all stakeholders to better understand them. The six investment criteria indicators are intended to evolve based on experience and lessons learned, and were therefore approved for a pilot period of one year.

Investment criteria indicators have been designed to provide guidance to all GCF stakeholders, particularly AEs, when developing funding proposals so that they can describe more clearly how the project/programme is expected to deliver against the relevant investment criteria, taking into account the differing national circumstances of developing countries.

The investment criteria indicators propose a streamlined set of indicators for each of the six GCF investment criteria as set out in the initial investment framework. AEs

<sup>84</sup> Annex XIV to decision B.07/06 (annex XIV to document GCF/B.07/11 titled "Decisions of the Board – Seventh Meeting of the Board, 18–21 May 2014". Available at <[https://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_11\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_\\_18-21\\_May\\_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b](https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board__18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b)>.

<sup>85</sup> Annex III to decision B.09/05 (annex III to document GCF/B.09/23). Available at <[https://www.greenclimate.fund/documents/20182/24949/GCF\\_B.09\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_Ninth\\_Meeting\\_of\\_the\\_Board\\_\\_24\\_-\\_26\\_March\\_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef](https://www.greenclimate.fund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board__Ninth_Meeting_of_the_Board__24_-_26_March_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef)>.

<sup>86</sup> Annex VII to decision B.22/15.

should use these indicators to enhance the quality of funding proposals over time by increasing clarity on how different proposals meet the GCF investment criteria and by flagging where the Secretariat, the independent Technical Advisory Panel, or the Board would require additional explanations or justifications. The indicators allow for greater consistency and transparency across different funding proposals and make the preparation and assessment of funding proposals more efficient.

The indicators are not used to screen the funding proposals as a binary pass/fail test and do not set a single threshold that must be passed; instead, the indicators should support AEs in describing the extent to which a funding proposal delivers against the investment criteria and provide a mechanism through which an explanation can be provided for performance that is relatively higher or lower than expected, taking into account differing national circumstances.

All the indicators, and therefore the relevant investment criteria, should be considered for each proposal, so that reviewers can understand its individual context and merits. A project may be less strong on one criterion (e.g. sustainable development potential) but stronger on another (e.g. impact potential). The two should be considered together and not in isolation. Application of the indicators must consider the range of differing national circumstances and the needs of those developing countries particularly vulnerable to the adverse effects of climate change.<sup>87</sup>

**Table 20** presents the adopted GCF investment criteria indicators for each investment criterion, together with relevant examples that demonstrate how the specific criteria have been applied in approved funding proposals. The Secretariat has undertaken an analysis in which the indicators were retroactively applied to a sample of the GCF portfolio and found that the investment criteria indicators do not require any new information from the AEs.

**TABLE 20. GCF INVESTMENT CRITERIA INDICATORS**

INVESTMENT CRITERION	INDICATOR	EXPLANATION	EXAMPLE
Impact potential	Mitigation impact	Describe the expected reductions in emissions from the GCF intervention (in tCO <sub>2</sub> eq)	<b>FP028 Mongolia: Business loan programme for GHG emission reduction</b> <ul style="list-style-type: none"> <li>Total GHG emissions reduced or avoided during project lifespan: 1.2 MtCO<sub>2</sub>eq</li> </ul>
	Adaptation impact	Describe the expected change in loss of lives, value of physical assets, livelihoods, and/or environmental or social losses due to the impact of extreme climate-related disasters and climate change in the geographical area of the GCF intervention.  Proposals should also refer to the number of direct and indirect beneficiaries of the project	<b>FP056 Colombia: Scaling up climate-resilient water management practices</b> <ul style="list-style-type: none"> <li>Enhancement of rural livelihoods through water-resilient agroecosystems – food security, generation of income;</li> <li>Improved management of water resources to strengthen the resilience of rural communities and smallholder farmers; and</li> <li>Enhancement of adaptive capacity through increased capacity to generate and use climate information services and early warning systems</li> </ul>

<sup>87</sup> As requested by the Board in decision B.09/05, paragraph (d).

INVESTMENT CRITERION	INDICATOR	EXPLANATION	EXAMPLE
Paradigm shift potential	Necessary conditions	Outline how the proposed project can catalyse impact beyond one-off investment, accompanied by a robust and convincing theory of change for replication and/or scaling up the project results	<p><b>FP056 Colombia</b></p> <ul style="list-style-type: none"> <li>Aims to shift from a disaster response approach to an integrated strategy approach based on preventive risk management, through adaptation to floods and drought; and</li> <li>Includes a theory of change detailing the problems, barriers and activities to address those barriers, the outputs and overall outcome</li> </ul> <p><i>FP070 Bangladesh: Global Clean Cooking Program</i></p> <ul style="list-style-type: none"> <li>Potential for global replication and scaling up throughout Bangladesh; and</li> <li>Addresses key barriers in supply and demand by using a model that is recognized globally as one of the most successful programmes in the sector</li> </ul>
Sustainable development potential	Co-benefits	Identify at least one positive co-benefit in at least two of the four coverage areas: economic, social, environmental, and gender empowerment. The proposal should provide an associated indicator, as well as baseline and target values for the co-benefits. Where appropriate, proposals should reference the achievement of one or more of the United Nations Sustainable Development Goals	<p><b>FP025 Multiple countries: Sustainable energy financing facilities</b></p> <ul style="list-style-type: none"> <li>Economic benefits: Creation of markets. 20,000 commercial projects across sectors and raising awareness, available capital for sustainable energy financing, capacity-building, etc., 11,500 green jobs;</li> <li>Social benefits: Heating. Improving the efficiency of heating systems, equipment and building energy use. Improving adaptive capacities of vulnerable groups (e.g. farmers); and</li> <li>Gender-sensitive development impact: Filling the financing gap which mirrors the underinvestment in gender equality. Adoption of the strategy of the European Bank for Reconstruction and Development for the promotion of gender equality</li> </ul>
Needs of the recipient	Barriers to climate-related finance	Describe the country's financial, economic, social and institutional needs and the barriers to accessing climate finance and how the proposed intervention will address the identified needs and barriers	<p><b>FP005 Rwanda and Kenya: KawiSafi Ventures Fund</b></p> <ul style="list-style-type: none"> <li>Enabling innovative, early-stage companies to develop and build financially viable business models that have scaled social impact;</li> <li>Investing in addressing the needs of off-grid households, which are typically rural, low-income and difficult to reach; and</li> <li>Long-term investment capital is needed as traditional investors are wary of the risks and relatively long time it takes to build companies and achieve a financial return</li> </ul>



INVESTMENT CRITERION	INDICATOR	EXPLANATION	EXAMPLE
Country ownership	Alignment with NDCs, relevant national plan indicators, and/or enabling policy and institutional frameworks	Describe how the proposed activities are aligned with the country's NDC and other national plans, and how the funding proposal will help to achieve the NDC or those plans. Also reference the degree to which the project is supported by a country's enabling environment	<p><b>FP035 Vanuatu: Climate information services for resilient development</b></p> <ul style="list-style-type: none"> <li>Vanuatu Climate Change and Disaster Risk Reduction Policy 2016–2030: mainstreaming climate change and disaster risk reduction into sustainable development processes for Vanuatu;</li> <li>Vanuatu Meteorology and Geo-Hazards Department Strategic Development Plan 2014–2030; and</li> <li>Vanuatu Framework for Climate Services</li> </ul> <p><b>FP038 Multiple countries: GEEREF NeXt</b></p> <ul style="list-style-type: none"> <li>Countries involved have committed to NDC targets; for the majority of those countries it would be impossible to meet NDC targets without significant foreign direct investment flows; and</li> <li>Discusses the capacity of accredited entities and executing entities</li> </ul>
	Explanation of engagement with relevant stakeholders	Outline how proposals were developed in consultation with relevant stakeholders. Engagement with national designated authorities is required	<p><b>FP035 Vanuatu</b></p> <ul style="list-style-type: none"> <li>Engagement with all national and subnational-/community-level stakeholders to ensure that the project design is consistent with and complementary to the prescribed priorities of relevant national plans and strategies</li> </ul> <p><b>FP038 GEEREF NeXt</b></p> <ul style="list-style-type: none"> <li>Seeks to work with local development plans, small and medium-sized enterprises and local developers; and</li> <li>Discusses engagement with national designated authorities, civil society, organizations and other relevant stakeholders</li> </ul>
Efficiency and effectiveness	Mitigation: cost per tCO <sub>2</sub> eq	Provide the cost per tCO <sub>2</sub> eq of the GCF intervention	<p><b>FP085 Pakistan: Green BRT Karachi</b></p> <ul style="list-style-type: none"> <li>Outlined in section E.6.5<sup>a</sup> of the proposal: estimated cost per tCO<sub>2</sub>eq is USD 224/tCO<sub>2</sub>eq; estimated GCF cost per tCO<sub>2</sub>eq removed (<math>e = b/c</math>) USD 19/tCO<sub>2</sub>eq</li> </ul>
	Mitigation: ratio of co-financing	Indicate the ratio of co-financing mobilized relative to the GCF contribution to the total project, as appropriate	<p><b>FP085 Pakistan Green BRT Karachi</b></p> <ul style="list-style-type: none"> <li>Outlined in section E.6.5 of the proposal: a breakdown of how the GCF financing of USD 49 million is going to be leveraged by the BRT project is illustrated below and broken down by cost component. All funds are public funds. No private capital investment is used</li> <li>Asian Development Bank: USD 442 million (83 per cent of co-financing); 100 per cent loan;</li> <li>Islamic Republic of Pakistan: USD 92.5 million (17 per cent of co-financing); 100 per cent grant;</li> <li>Total co-financing: USD 534.5 million;</li> <li>Total amount of GCF funding: USD 49 million;</li> <li>Total project finance: USD 583.5 million; and</li> <li>Co-financing ratio: 1:10</li> </ul>

INVESTMENT CRITERION	INDICATOR	EXPLANATION	EXAMPLE
Efficiency and effectiveness	Mitigation: expected rate of return	Provide an estimate of the expected economic internal rate of return and/or financial internal rate of return, depending on the needs of the project	<b>FP040 Tajikistan: Scaling up hydropower sector climate resilience</b> <ul style="list-style-type: none"> <li>Outlined in section E.6.3 of the funding proposal: the economic internal rate of return is 21.71 per cent and the financial internal rate of return is 6.88 per cent</li> </ul>
	Mitigation and adaptation: application of best practices	Describe how the proposal applies and builds on the best practices in the sector	<b>FP040 Tajikistan</b> <ul style="list-style-type: none"> <li>The European Bank for Reconstruction and Development is involved in policy dialogue with the Tajik Government supporting energy tariff reform, which is envisioned to contribute significantly to the financial sustainability of the Tajik energy sector;</li> <li>Inclusion of long-term planning and climate change considerations ensure the resilience and efficiency of the project in the long term; and</li> <li>Provides application of best practices</li> </ul>

*Abbreviations:* GHG = greenhouse gas, NDC = nationally determined contribution.

<sup>a</sup> The examples provided are based on the funding proposal template before it was updated in March 2019.

## D.1. Impact potential (maximum 500 words, approximately 1 page)

This section should start with an introduction of the impact potential elements that the funding proposal intends to achieve. Impact is defined as the change that delivering outputs produces for institutions and beneficiaries, for example the expected reduction of mortality rates and economic losses due to improved early warning systems are the impact potential of the activities and output financed by GCF. **Table 21** provides some guiding questions to be considered while developing section D.1.

This section should describe the potential of the project/programme to contribute to the achievement of the GCF objectives and results areas. As applicable, describe the envisaged project/programme impact for mitigation and/or adaptation. With respect to the mitigation impact, elaborate on how the project/programme contributes to low-emission sustainable development pathways, while for the adaptation impact, elaborate on how the project/programme contributes to increased climate-resilient sustainable development. The information in this section can refer to section B.1 ("Climate context") and should be consistent with section E.2 ("Core indicator targets").

**TABLE 21. GUIDING QUESTIONS FOR ASSESSING IMPACT POTENTIAL**

MITIGATION POTENTIAL	ADAPTATION POTENTIAL
The project/programme's contribution to the shift to low-emission sustainable development pathways	The project/programme's contribution to increased climate-resilient sustainable development
<p>What is the expected amount in tCO<sub>2</sub>eq to be reduced or avoided?</p> <p>What is the degree to which the activity avoids lock-in of long-lived, high-emission infrastructure?</p> <p>What is the expected increase in the number of households with access to low-emission energy?</p> <p>What is the degree to which the project/programme supports the scaling up of low-emission energy?</p> <p>What is the expected amount of MW of low-emission energy capacity installed, generated and/or rehabilitated?</p> <p>What is the expected increase in the number of low-emission power suppliers?</p> <p>What is the expected decrease in the energy intensity of buildings, cities, industries and appliances? (PMF-M expected result 7.0)</p> <p>What is the expected increase in the use of low-emission transport? (PMF-M expected result 8.0)</p> <p>What is the expected improvement in the management of land or forest areas contributing to emission reductions? (PMF-M expected result 9.0)</p> <p>What is the expected improvement in waste management contributing to emission reductions?</p>	<p>What is the expected total number of direct and indirect beneficiaries in terms of reduced vulnerability or increased resilience? Please specify the number of beneficiaries relative to total population (PMF-A core indicator 1), particularly the most vulnerable groups.</p> <p>What is the degree to which the activity avoids lock-in of long-lived, climate-vulnerable infrastructure?</p> <p>What is the expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A expected result 5.0)?</p> <p>What is the expected increase in generation and use of climate information in decision-making (PMF-A expected result 6.0)?</p> <p>What is the expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A expected result 7.0)?</p> <p>What is the expected strengthening of awareness of climate threats and risk-reduction processes (PMF-A expected result 8.0)?</p>

*Abbreviations:* PMF-A = adaptation performance measurement framework, PMF-M = mitigation performance measurement framework.

## D.2. Paradigm shift potential (maximum 500 words, approximately 1 page)

This section should refer to the theory of change. Through the theory of change, GCF and the independent Technical Advisory Panel reviewers understand how the project intends to remove the barriers that prevent transformative change and how the action promotes a paradigm shift. It is good practice to include a chart that shows the theory of change model and summarizes how the project removes barriers to climate resilience and green growth in the long term and how gender issues are addressed.

This section should present the current situation, the situation envisaged at the end of the project and the changes in the medium and long term from the project closure that can be attributed to the project-specific results.

This section should also discuss the potential for scalability/replicability, as well as the capacity of the project to generate knowledge and lessons that can be applied to future climate interventions both in the country where the project is implemented and in others.

Other elements to be discussed, as applicable, could include how the intervention is expected to encourage private sector investment or how it could have wider economic impacts. **Table 22** provides further guidance on the development of the narrative on the paradigm shift potential.

**TABLE 22. GUIDING QUESTIONS FOR ASSESSING PARADIGM SHIFT POTENTIAL**

Potential for scaling up and replication, and contribution to global low-emission development pathways consistent with a temperature increase of less than 2 °C (mitigation only)	Overall contribution to climate-resilient pathways consistent with a country's climate change adaptation strategies and plans (adaptation only)	Potential for knowledge and sharing lessons learned	Contribution to the creation of an enabling environment	Contribution to the regulatory framework and policies
<p>Do the proposed activities create the opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes?</p> <p>What is the potential for expanding the scale and impact of the project/programme without increasing the total costs of implementation? Support this with a theory of change</p> <p>What is the replicability of the proposed project/programme?</p>	<p>What is the potential for expanding the proposal's impact without equally increasing its cost base?</p> <p>What is the potential for exporting key structural elements of the proposed project/programme elsewhere within the same sector and other sectors, regions or countries? Support this with a theory of change</p> <p>What is the degree to which the intervention reduces proposed risks of investment in technologies and strategies that promote climate resilience?</p>	<p>What is the contribution to the creation or strengthening of knowledge, or collective learning processes?</p> <p>Is there a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects/programmes?</p>	<p>Are there arrangements that provide for the long-term and financially sustainable continuation of outcomes and activities beyond the completion of the intervention?</p> <p>Please describe the extent to which the project/programme creates new markets and business activities at the local, national or international levels</p> <p>What is the degree to which the activity will change incentives for market participants by reducing costs and risks and eliminating barriers to the deployment of low-emission and climate-resilient solutions?</p> <p>What is the degree to which the proposed activities help to overcome systematic barriers to low-emission development to catalyse impact beyond the scope of the intervention?</p>	<p>What is the degree to which the project/programme advances the regulatory or legal frameworks to systematically promote investment in low-emission or climate-resilient development?</p> <p>What is the degree to which the activity promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes?</p>

This section should describe the degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment, as follows:

- The potential for scaling up/or and replication;
- The potential for knowledge-sharing and learning;
- The contribution to the creation of an enabling environment;
- The contribution to the regulatory framework and policies; and
- The overall contribution to climate-resilient development pathways consistent with relevant national climate change adaptation strategies and plans.

Only the applicable elements of the above list need to be elaborated upon in the funding proposal.

### D.3. Sustainable development (maximum 500 words, approximately 1 page)

This section of the funding proposal should describe the wider benefits and priorities of the project/programme in relation to the United Nations Sustainable Development Goals and provide an estimation of the impact potential in terms of:

- The environmental co-benefits;
- The social co-benefits, including health impacts;
- The economic co-benefits; and
- The gender-sensitive development impact.

Only the applicable elements of the above list need to be elaborated upon in the funding proposal.

Although GCF is mandated to finance climate-related costs, there is the potential to achieve several development co-benefits of an environmental, social and economic nature. This section of the funding proposal should clearly describe the co-benefits of the proposal. If possible, it should quantify them against the current baseline.

Explicit reference to the commitment and status of the country(ies) to the relevant United Nations Sustainable Development Goals can be made at the start of this section.

**Table 23** provides guiding questions on the content of this section.

**TABLE 23. GUIDING QUESTIONS FOR ASSESSING SUSTAINABLE DEVELOPMENT CRITERIA**

Environmental co-benefits	Social co-benefits	Economic co-benefits	Gender-sensitive development impact
Is the project/programme expected to promote positive environmental externalities (e.g. air quality, soil conservation, biodiversity)?	What is the potential for externalities in the form of expected improvements in areas such as health and safety, access to education, improved regulation and/or cultural preservation?	Is the project/programme expected to expand/enhance job markets, facilitate job creation and poverty alleviation and/or increase involvement of local industries?  Is the project/programme expected to contribute to an increase in productivity and competitive capacity?	Please provide an explanation of how the activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks

Additionally, health co-benefits can be considered under this criterion.

**Health co-benefits for mitigation:** Interventions that reduce/eliminate shorter-lived climate pollutants such as black carbon, a major component of particulate matter. These pollutants are closely associated with premature mortality, while methane, a contributor to ground-level ozone formation, is a factor in asthma-related morbidity. A mitigation project on transport or clean cookstoves could potentially result in a reduction in asthma-related morbidity over the lifetime of a mitigation project. This benefit should be included in the proposal, which would also include methodologies designed to quantify results.

There is a substantial potential to include the local benefits of climate mitigation actions by quantifying their impact on reducing air pollution exposure, then quantifying the

---

health benefits of this improved air quality. For example, the Long-Range Energy Alternatives Planning system Integrated Benefits Calculator (LEAP-IBC) tool can be used to quantify this at the national level, and to estimate local benefits of mitigation interventions, such as those included in countries' nationally determined contributions (NDCs). In Ghana, the LEAP-IBC tool has been used, leading to the estimation that implementation of the country's NDC pledges would result in 1,500 fewer premature deaths each year from reduced air pollution exposure in comparison with a baseline scenario.

Such tools are very flexible and project designers can tailor them to provide quantitative results related to the mitigation options they wish to implement. LEAP calculates all emissions needed to estimate greenhouse gases (GHGs) and relevant air pollutants; the IBC then estimates the change in population-weighted PM2.5 concentrations in the country of concern, which is used to estimate the change in premature mortality.

The excessive development of land for agriculture worldwide has impacted the Earth's climate by reducing the carbon stored in intact forests, and has caused biodiversity and ecosystem service losses. Sustainable land-use planning and the prevention of further deforestation have the potential to mitigate this effect in addition to offering social co-benefits through the protection of important ecosystem services. Ecosystem services include provisioning, supporting, regulating and cultural services that generate social benefits for people living both within and outside of the ecosystem of focus. For example, forest ecosystems have the capacity to regulate disease and maintain human health and well-being. However, land conversion, land degradation and agricultural intensification are changing the distribution of hosts, vectors and their pathogens, thus altering the prevalence of diseases such as malaria, Zika virus, cholera and other highly pathogenic diseases. Additionally, economic losses due to the emergence and spread of infectious diseases can amount to as much as USD 53 billion for a single outbreak (e.g. the Ebola virus disease outbreak in West Africa in 2014).

Certain tools can also be used by stakeholders and policymakers to help them quantify and examine the economic effects that land-use change has on health and social well-being. These tools use a range of customizable parameters that allow models to be generalizable to different systems, scales and geographical locations.

**Health co-benefits for adaptation:** Health-determining sectors such as agriculture, water and sanitation will have potentially significant beneficial impacts on health, including infectious diseases and nutritional status, and, to the extent possible, related benefits should be calculated and articulated in the project proposal, along with a methodology for tracking related results.

**Well-being co-benefits for mitigation** ensure equality and inclusiveness in projects. Well-being can potentially be a co-benefit in adaptation, taking into consideration issues of security, governance, livelihoods, community and education.

**Other sectors** such as infrastructure can have co-benefits for universal health coverage, and early warning systems can benefit respiratory health, nutritional status or infectious diseases.

#### **D.4. Needs of the recipient (maximum 500 words, approximately 1 page)**

It is important for the project proposal to include a discussion on how communities, especially those most vulnerable, will benefit from the proposed intervention. The durability and sustainability of the solutions proposed by the intervention for the

country(ies), institutions (public or private) and beneficiaries (households, small and medium-sized enterprises, etc.) that the project intends to support are important components of the proposal. **Table 24** provides guiding questions for the development of the information to be provided in this section.

**TABLE 24. GUIDING QUESTIONS FOR ASSESSING THE NEEDS OF THE RECIPIENT**

Vulnerability of the country (adaptation only)	Vulnerable groups and gender aspects (adaptation only)	Economic and social development levels of the country and the affected population	Absence of alternative sources of financing	Need for strengthening institutions and implementation capacity
<p>Please describe the intensity of exposure to climate risks and the degree of vulnerability, including exposure to slow onset events</p> <p>What is the size of the population and/or the social/economic assets of the country exposed to climate change risks and impacts?</p>	<p>Does the project/programme support groups that are identified as particularly vulnerable in national climate or development strategies, with relevant sex disaggregation?</p>	<p>What is the 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)?</p>	<p>Please provide an explanation of the existing barriers that create an absence of alternative sources of financing and how they will be addressed</p>	<p>What are the opportunities to strengthen institutional and implementation capacity?</p>

This section of the funding proposal should describe the scale and intensity of vulnerability of the country and beneficiary groups and elaborate how the project/programme intends to address the issue (e.g. the level of exposure to climate risks for the beneficiary country and groups, overall income level). Describe how the project/programme addresses the following needs:

- The vulnerability of the country and/or specific vulnerable groups, including gender aspects (for adaptation only);
- The economic and social development level of the country and the affected population;
- The absence of alternative sources of financing (e.g. the fiscal or balance-of-payment gap that prevents the government from addressing the needs of the country; and the lack of depth and history in the local capital market); and
- The need to strengthen institutions and implementation capacity.

### D.5. Country ownership (maximum 500 words, approximately 1 page)

This section of the funding proposal should describe how the targeted host country(ies) takes ownership of and implements the funded project/programme, including the following elements:

- The existing national climate strategy;
- The existing GCF country programme;
- Alignment with existing policies such as NDCs, nationally appropriate mitigation actions (NAMAs) and national adaptation plans (NAPs);
- The capacity of AEs or executing entities (EEs) to execute the project;
- The role of the national designated authority; and

- 
- Engagement with civil society organizations and other relevant stakeholders, including Indigenous peoples,<sup>88</sup> local communities, women and other vulnerable groups.

This section should demonstrate how the proposal is aligned with and contributes to national climate change strategies (e.g. NDCs, NAPs, national adaptation programmes of action and NAMAs) and other relevant policies (e.g. economic strategies, technology needs assessments, development policies and plans, disaster risk reduction policies). Regional or international commitments that can be related to the outcomes of the project (e.g. the Sendai Framework for Disaster Risk Reduction 2015–2030, Sustainable Energy4all) should also be elaborated. The new policy framework introduced by the country to support the project/programme, if any, should also be explained in this section (e.g. the development of a standardized long-term power purchase agreement to support renewable energy projects).

This section should describe the experience of the proposing AE in the specific sector(s) in which the proposal will invest in the country(ies) proposed for the project/programme implementation. The ‘comparative advantage’ of the AE in this type of intervention should be described and shown through examples. Reference should be made to the quality and skills of the staff that are envisaged to support the project (also at the headquarters and regional office levels), as well as the commitment to work with the government and local consultants during project implementation.

In another paragraph of this section, a succinct description should be provided of why the proposed EE(s) is/are best suited to project implementation, in the context of the country. This part can refer to the information reported in section B.4 on implementation and institutional arrangements, and the due diligence of the EE in terms of its financial management capacity to administer GCF proceeds (e.g. its track record of managing similar-sized funding).

There should also be references to how the national designated authority was involved in the design of the intervention. **Table 25** presents some guiding questions for the development of this criterion.

---

<sup>88</sup> Section IV of the Indigenous Peoples Policy outlines the broad criteria for identifying Indigenous peoples, which may include groups with distinct languages, pastoralists, ethnic minorities, etc.



**TABLE 25. GUIDING QUESTIONS FOR ASSESSING COUNTRY OWNERSHIP**

Alignment with priorities in the country's national climate strategy	Coherence with existing policies	Capacity of accredited entities or executing entities to execute the project	Engagement with civil society organizations and other relevant stakeholders
Does the project/programme contribute to the country's climate strategies and priorities, such as nationally appropriate mitigation actions or national adaptation plans, and demonstrate alignment with technology needs assessments, as appropriate?	What is the degree to which the activity is supported by the country's nationally determined contribution, country programme or existing policy and institutional framework?	Can the accredited entities/ executing entities demonstrate a consistent track record, experience and expertise in relevant circumstances as described in the proposed project/programme?	<p>Has the proposal been developed in consultation with civil society groups and other relevant stakeholders, with particular attention to gender equality?</p> <p>Does the proposal provide a specific mechanism for future engagement with stakeholders in accordance with the GCF environmental and social safeguards and stakeholder consultation guidelines?</p> <p>Does the proposal place decision-making responsibility related to implementation with in-country institutions and use domestic systems to ensure accountability?</p>

## D.6. Efficiency and effectiveness (maximum 500 words, approximately 1 page)

This section of the funding proposal should describe how the financial structure is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers, and providing the minimum concessionality to ensure that the project is viable without crowding out private and other public investments. If applicable, describe the level and sources of co-finance and the envisaged private sector engagement.

This section should describe the efficiency and effectiveness of the proposed project/programme, taking into account the total financing and mitigation/adaptation impact the project/programme aims to achieve, and explain how this compares to an appropriate benchmark.

In addition, this section should specify the expected economic rate of return based on a comparison of the scenarios with and without the project/programme.

It should also specify the expected financial rate of return with and without the GCF support to illustrate the need for GCF funding and overall cost-effectiveness.

Additionally, this section should explain how best available technologies and practices have been considered and applied. If applicable, it should specify the innovations/modifications/adjustments that are proposed with the project based on industry best practices.

### EFFICIENCY AND EFFECTIVENESS

This criterion requires the following two core indicators for mitigation and cross-cutting proposals:

- The estimated costs per tCO<sub>2</sub>eq indicator (relevant guidance is provided in the funding proposal template). It is important to refer to how the project performs in terms of its cost of GHG emission reductions against a benchmark that can apply in the same sector and country of operation; and
- The expected volume of finance indicator (relevant guidance is also provided in the funding proposal template). No specific benchmark of co-finance is indicated by GCF; in general, the higher the amount that GCF finance can leverage from other sources, the better the assessment of this indicator will be.

Another element of discussion expected in this section is concessionality.<sup>89</sup> The level of concessionality is expected to be appropriate, according to:

- **The nature of the activities proposed:** are the activities producing public goods or addressing a market failure?
- **The income-generating capacity of the project deliverables:** is the income-generating capacity of the services released as a result of the intervention sufficient to recover the capital investment?
- **The national context:** is the intervention implemented in a least developed country or an African state? (Reference should be made to the country's capacity to borrow from capital markets or its ceiling towards international lenders such as the International Monetary Fund)
- **The specific local context:** is the project targeting vulnerable and low-income districts/communities? Who in particular is most vulnerable?
- **Cost-effectiveness:** has the cost-effectiveness of the proposal been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar outputs?
- **The level of funding and co-financing (quantum and pricing):** is GCF funding and co-financing adequate to achieve the expected outcomes and outputs?

When developing a funding proposal, AEs need to elaborate on the following elements to determine the financial structure:

- The cost of the project/programme;
- The cost that should be financed by GCF (climate-related component); and
- The instruments and level of concessionality that GCF and the AE should use to finance their portion of the costs.

After the project has been through the incremental and full cost assessment process and the proposed amount to be financed by GCF is known, the AE should answer the following questions to be able to determine the level of concessionality:

- What is the most appropriate financial instrument that would make the project viable: a grant, loan, equity, and/or guarantee? The financial and economic analysis of activities proposed in the project, as well as strategic considerations, will help to determine the most suitable instrument for GCF funding; and
- What are the terms and conditions to be applied (e.g. interest rates, tenors, grace periods) both by GCF and by the co-financiers? If the terms and conditions are different, what is the reason for that difference?

<sup>89</sup> GCF has guidelines on the level of concessionality, provided in annex II to decision B.09/04 (annex II to document GCF/B.09/23), and annex III to decision B.05/07 (annex III to document GCF/B.05/23 titled "Decisions of the Board – Fifth Meeting of the Board, 8–10 October 2013").

Concessionality can be applied to all financial instruments of GCF and can be extended to interventions in both the public and the private sector in several ways:

- a. As a non-reimbursable grant (i.e. 100 per cent concessionality), typically in services such as capacity-building and technical assistance where there is no direct repayment (or reflow) mechanism, or in operations where a non-repayable capital expenditure or operational expenditure grant is most efficient, or in countries where International Monetary Fund programmes limit sovereign borrowing;
- b. As minimum concessionality, typically to reflow-generating private sector clients or established sub-sovereign clients with revenue-generating operations (e.g. utilities). Reflows refer to capital and interest that are returned to the GCF Trust Fund. Terms can vary and can include below-market rates, as well as longer tenors and grace periods;
- c. In funding proposals using debt structures, a concessional loan can have different seniorities (senior, *pari passu*, subordinated) and may have a lower interest rate compared with that prevailing in the market, with generally longer tenors and grace periods before the first repayment, as well as facilitation of more flexible terms; and
- d. In equity, concessionality can be extended as first loss shares in junior positions in tiered funds or can be the “anchor” portion of the fund that de-risks the investment for private investors and thus catalyses further equity participation, with preferred equity returns for the private sector to move the flow of financing to climate finance sectors.

The level of concessionality provided by GCF will be the minimum amount necessary to make a proposal viable, as assessed on a case-by-case basis, and help to achieve the climate impact and paradigm shift objectives of GCF, as stated in the investment criteria: “demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable”. This is reinforced by the current risk appetite statement (decision B.17/12), which states that GCF is willing to accept considerable uncertainties around investment risks in order to realize significant impact and promote paradigm shift.

It is critical to provide as much evidence as possible to justify the financial request to GCF (e.g. market studies, and technical, risk or financial assessments), which would provide information on the size and type of concessionality required.

**Table 26** presents some guiding questions to be considered during the development of this section.

**TABLE 26. GUIDING QUESTIONS FOR ASSESSING EFFICIENCY AND EFFECTIVENESS**

Cost-effectiveness and efficiency	Amount of co-financing	Project/programme financial viability and other financial indicators	Industry best practices
<p>Is the proposed financial structure (funding amount, financial instrument, tenor and term) adequate and reasonable to achieve the proposal's objectives?</p> <p>Does the financial structure demonstrate the least concessionality needed to make the proposal viable?</p> <p>Does the proposal demonstrate that GCF support will not crowd out other investment?</p> <p>What is the estimated cost per tonne of carbon dioxide equivalent (PMF-M core indicator 2), defined as total investment cost/expected lifetime emission reductions?</p> <p>Please provide the economic rate of return with and without the project</p>	<p>What is the expected volume of finance to be leveraged by the proposed intervention and as a result of the GCF financing, disaggregated by public and private sources (PMF-M core indicator 3)?</p> <p>What is the co-financing ratio (total amount of co-financing divided by the GCF investment)?</p> <p>What is the potential to catalyse private and public sector investment, assessed in the context of performance based on industry best practices?</p> <p>What is the expected indirect/ long-term low-emission investment mobilized as a result of the implementation of the activity?</p>	<p>Please provide the financial rate of return with and without the GCF support</p> <p>Please provide a description of the financial viability in the long term, beyond the GCF intervention</p>	<p>Please provide explanations of how best available technologies and/or best practices, including those from Indigenous and local knowledge systems, are considered and applied</p> <p>If applicable, the proposal should specify the innovations or modifications/adjustments proposed by the project based on industry best practices</p>

Abbreviation: PMF-M = mitigation performance measurement framework.

## SECTION E. LOGICAL FRAMEWORK

Completing this section of the funding proposal requires knowledge of and background information on GCF policies, such as the results management framework (RMF) and the performance measurement frameworks (PMF).<sup>90</sup> The GCF RMF/PMF are designed to enable effective monitoring and evaluation of project contributions to GCF level impacts and outcomes across GCF investments and portfolio in a transparent, effective and efficient manner through proposed indicators.

The initial RMF/PMF outline the mitigation and adaptation logic models as were adopted by the Board and aim to demonstrate projects and programmes deliver results. More information and guidance on how to include relevant indicators from the PMF in a logical framework is provided in annex IV to the Programming Manual.

### DESIGNING A LOGICAL FRAMEWORK

Design of a logical framework should be aligned with the theory of change as described in section B.2. Once the theory of change has been defined, the project/programme goals and outcomes should be associated with the GCF results areas and their corresponding impact and outcome indicators. It is important to note that AEs can select only impact and outcome indicators from the GCF RMF/PMF in section E.3 Fund-level impacts and E.4 Fund-level outcomes. And that all GCF level

<sup>90</sup> See <<https://www.greenclimate.fund/document/mitigation-and-adaptation-performance-measurement-frameworks>>.

impact indicators need to be substantiated with corresponding GCF level outcome indicators. Project/programme performance indicators are developed by AEs linked to the proposed components as results-oriented Project/programme performance indicators in section E.5.

Funding proposal logic frameworks need to substantiate how a project/programme envisages achieving its climate results, addresses the barriers to be removed, ensures the necessary behavioural changes, harnesses opportunities and delivers the specific results to be sustained over time. This is reflected through the logical framework where the activities, project results, fund level outcomes and impacts that the project/programme intends to contribute to or achieve are described and connected by cause-effect relationships (“if this occurs, then that occurs”), with measurements to validate the project/programme results. **Box 13** provides further information on the role of the logical framework.

#### BOX 14. LOGICAL FRAMEWORK RATIONALE

Often referred to as the “log frame”, the logical framework is the project/programme structure with which the budget, implementation timetable, performance measurements and reporting are aligned. Logical frameworks articulate and clarify how a set of activities will achieve the desired output, outcomes and impacts of a project. Effectively, the logical framework represents a results map or results framework. It also captures basic monitoring and evaluation components, including measurement, reporting and verification components for mitigation and cross-cutting projects (indicators, means of verification, baselines, targets and assumptions). The project/programme’s logical framework is critical to determining costs at the activity level, informs the overall budget, the detailed activities for implementation of the funded activity agreement (including the implementation timetable, milestones and deliverables) and the performance measurements for the project/programme. It also serves as the framework for reporting and accountability through annual performance reports to GCF.

#### GUIDANCE ON STRUCTURING THE LOGICAL FRAMEWORK BASED ON GCF RESULTS AREAS

- **Indicators** must maintain a direct relationship: each indicator should include a corresponding means of verification (primary/secondary sources), baseline, targets (both midterm and final) and an indicator-specific assumption. In addition, indicators should be consistent with the SMART principle (specific, measurable, achievable, relevant and time-bound).
- **Baselines** must be included for all indicators. Should baseline data (even where out of date) not be available, the project/programme needs to build data collection and the assessment/establishment of an initial baseline into project activities and specify when the baseline data will become available (usually during year 1 of implementation);
- **Targets** must include both midterm and final targets. The target should not duplicate the indicator, and targets should not describe the “how” of achievement, but “what” is achieved;
- **Means of verification** should include primary and secondary data sources:
  - Primary data sources are externally sourced and not collected or generated by the project – this includes sources such as government data (e.g. household surveys, censuses, asset registers, but also data collected at the provincial/state/district/community levels), data collected by international organizations (e.g. the

World Bank, the United Nations, the Organisation for Economic Co-operation and Development) and geographic information system data (e.g. Google Earth, the National Aeronautics and Space Administration, the European Space Agency, or other credible non-governmental organizations or foundations). Primary data sources are required for GCF level indicators; however, if incomplete, they can be triangulated with secondary data;

- Secondary data are data that can be generated by the project (e.g. project-commissioned surveys with randomized sampling, project reports) and are often used in triangulation with other data sources to validate the GCF level results or report on project performance level results;
  - Disaggregation of data: to the extent possible, data should be disaggregated (for whom, where, how much and when), as well as the assumptions or source used for the calculation of the number of men/women/beneficiaries (e.g. 49 per cent men, 51 per cent women, based on the national census 2018); and
  - Gender-sensitive/-responsive measurements: gender disaggregation (especially where aligned with national demographic statistics) is not considered a gender-sensitive/-responsive measurement. Gender-sensitive/-responsive indicators for measurement are not the number of men and women with access to water for agriculture, but instead the percentage of female-headed households with access to drip irrigation in agriculture, or the percentage of women participating in the management of community collective water associations;
- **Assumptions** should reflect the indicator-specific risks that can affect the achievement of the envisaged project/programme targets.
  - In sections E.1 – E.4, project/programme proposals need to include the relevant fund RMF/PMF core indicator as aligned with the results areas selected in A.5, impact indicator and corresponding outcome indicators as applicable. These are the GCF results areas to which the project/programme will contribute and report against. See Annex IV for guidance and examples of applying the PMF indicators;
  - In support of the innovation and/or scaling up of climate technologies, GCF is requested to develop technology-related indicator with a view to informing the Technology Mechanism of the United Nations Framework Convention on Climate Change. This indicator is included in the GCF RMF/PMF and should be reported, whenever relevant, in section E.4.
  - In section E.5, indicators should be designed by the AE to enable GCF and stakeholders to communicate a compelling story in reporting that demonstrates the progress made and achievement towards expected results throughout implementation and not only at project/programme completion. A balanced group of qualitative and quantitative indicators is recommended to be designed;
  - The GCF uses the project/programme performance indicators in section E.5 to focusing on measuring changes not only through implementation of activities but through results (e.g. changes) that occur. Enabling GCF to understand and identify the necessary behavioural changes, testing theory of change assumptions, etc., that enable adaptive management in implementation and as a learning organization can inform future GCF investment decisions;
  - GCF uses the project/programme performance indicators in Section E.5 in monitoring and reporting to understand whether the project implementation at the project/programme level (not the GCF level RMF/PMF) is on or off track. Project/programme performance measurements should not duplicate selected RMF/PMF indicators at the GCF level.
  - The main types of indicators at the project/programme performance level in section E.5 include:

- Quantitative (i.e. number of, frequency of, percentage of, ratio of, variance with);
  - Qualitative (i.e. alignment with, presence of, quality of, degree of, extent of, level of – using scales, point-based systems or randomized surveys);
  - Binary (i.e. yes/no – for necessary pre-existing conditions, limited to use in exceptional circumstances and not a checklist of activities to be conducted); and
  - Proxy (i.e. measurement of changes that are closely associated but not direct);
- Examples of indicators to ensure the achievement of project/programme results could be measured at the following levels:
    - **Activity:** number of items constructed and climate-proofed; number of automatic weather stations installed; and areas (hectares) of analogue agriculture established, geo-referenced, inventoried and mapped;
    - **Project performance:** change in frequency of publicly available advance forecasting; percentage increase in stakeholder (e.g. household, hotel, farmers) knowledge, awareness and perception of climate impacts and risk management options; extent of implementation of ministerial emergency response plan (and drills); variance in average crop diversity levels and corresponding change in productivity; survival percentage of trees planted; degree of application of climate change impact modelling in provincial-level water budgets; and level of climate-responsive data mainstreamed in sectoral policy; reduction in percentage of water losses; variance in delay by hours from peak flow; percentage increase in static groundwater level; percentage decrease in soil erosion; number of waterborne illnesses reported at community health clinics; number of subscribers converted to paid subscription for weather index insurance products; and proportion of increase in livelihood incomes at household or individual level.

### E.1. Paradigm shift objectives

Please select the relevant paradigm shift objective: (i) shift to low-emission sustainable development pathways; or (ii) increased climate-resilient sustainable development. For cross-cutting proposals, select both objectives.

### E.2. Core indicator targets

In this section, please provide specific numerical values for the GCF core indicators to be achieved by the project/programme. Methodologies for the calculations used should be provided.

#### E.2.1. Expected tCO<sub>2</sub>eq to be reduced or avoided (mitigation and cross-cutting only)

Both the annual and lifetime estimates of the expected tCO<sub>2</sub>eq reduction should be provided.

#### E.2.2. Estimated cost per tCO<sub>2</sub>eq, defined as total project cost/expected lifetime emission reductions (mitigation and cross-cutting only)

- Total project financing;
- Requested GCF amount;
- Expected lifetime emission reductions;

- Estimated cost per tCO<sub>2</sub>eq ( $d = a/c$ ) [special attention should be paid in the case of cross-cutting projects]; and
- Estimated GCF cost per tCO<sub>2</sub>eq removed ( $e = b/c$ ).

### **E.2.3. Expected volume of finance to be leveraged by the proposed project/programme and as a result of the GCF financing, disaggregated by public and private sources (mitigation and cross-cutting only):**

- Total finance leveraged;
- Public source finance leveraged;
- Private source finance leveraged;
- Total leverage ratio ( $i = f/b$ );
- Public source leverage ratio ( $j = g/b$ ); and
- Private source leverage ratio ( $k = h/b$ ).

### **E.2.4. Expected total number of direct and indirect beneficiaries (disaggregated by sex)**

**Direct:** The number of direct beneficiaries is requested along with the percentage of female beneficiaries to the total. In the case of on-granting/cash transfers, the beneficiary of such activity should be clearly defined.

**Indirect:** The number of indirect beneficiaries is requested along with the percentage of female beneficiaries to the total.

For multi-country proposals, information on country-level data is requested as a separate annex to the funding proposal.

### **E.2.5. Number of beneficiaries relative to total population (disaggregated by sex)**

**Direct:** The percentage of direct beneficiaries relative to total population of the country is requested.

**Indirect:** The percentage of indirect beneficiaries relative to total population of the country is requested.

For multi-country proposals, information on country-level data is requested as a separate annex to the funding proposal. **Box 14** provides guidance on completing the impact and outcome results table.



**BOX 15. IMPACTS/OUTCOMES MEASURED BY GCF INDICATORS**

For both GCF impact and outcome results, once selected in the first column, the rest of the table should provide information in the row of each selected result, as follows:

- a. Select the appropriate impact result that is consistent with section A. At least one indicator from the GCF performance measurement frameworks must be reported;
- b. Describe the means of verification that the project will use in order to report against each selected indicator. For example, the regulator monitoring report developed by the project implementation unit, or a regularly produced governmental report from which information on the impact or the outcome that can be attributed to the project can be derived;
- c. The baseline should be the quantifiable starting point of the indicator. Usually, the baseline of impact and outcome indicators is set at zero, otherwise there should be an indication of why the baseline has a higher value than zero;
- d. Targets refer to the expected progress of the selected indicator at the midterm stage and at the end of the implementation period. Where relevant, these should be disaggregated by sex and by vulnerability (e.g. Indigenous peoples, minorities); and
- e. Assumptions should be formulated as externalities that should be in place for the result to be achieved (e.g. "Communities confirm their willingness to participate in training and take appropriate actions once early warning systems have been established").

**E.3. GCF Fund-level impacts**

This section of the funding proposal should indicate the appropriate impact(s) to be reported for the project/programme. For each expected result, a corresponding indicator should be selected from the GCF RMF and PMFs. There may be more than one indicator selected per expected result. The expected results indicated in this section should match those selected in section A.4 ("Results area(s)") of the funding proposal.

## EXPECTED RESULTS

### Mitigation results:

<b>M1.0</b>	Reduced emissions through increased low-emission energy access and power generation
<b>M2.0</b>	Reduced emissions through increased access to low-emission transport
<b>M3.0</b>	Reduced emissions from buildings, cities, industries and appliances
<b>M4.0</b>	Reduced emissions from land use, deforestation, forest degradation, and through sustainable management of forests and conservation and enhancement of forest carbon stocks

### Adaptation results:

<b>A1.0</b>	Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions
<b>A2.0</b>	Increased resilience of health and well-being, and food and water security
<b>A3.0</b>	Increased resilience of infrastructure and the built environment to climate change threats
<b>A4.0</b>	Improved resilience of ecosystems and ecosystem services

## INDICATORS

### Mitigation impact indicators:

<b>M1.1</b>	tCO <sub>2</sub> eq reduced or avoided as a result of GCF-funded projects/programmes – gender-sensitive energy access power generation sub-indicator
<b>M2.1</b>	tCO <sub>2</sub> eq reduced or avoided as a result of GCF-funded projects/programmes – low-emission gender-sensitive transport sub-indicator
<b>M3.1</b>	tCO <sub>2</sub> eq reduced or avoided as a result of GCF-funded projects/programmes – buildings, cities, industries and appliances sub-indicator
<b>M4.1</b>	tCO <sub>2</sub> eq reduced or avoided (including increased removals) as a result of GCF-funded projects/programmes – forest and land use sub-indicator

### Adaptation impact indicators:

<b>A1.1</b>	Change in expected loss of lives and economic assets (USD) due to the impact of extreme climate-related disasters in the geographic area of the GCF intervention
<b>A1.2</b>	Number of males and females benefiting from the adoption of diversified, climate-resilient livelihood options (including fisheries, agriculture, tourism)
<b>A1.3</b>	Number of GCF-funded projects/programmes that support effective adaptation to fish stock migration and depletion due to climate change
<b>A2.1</b>	Number of males and females benefiting from introduced health measures to respond to climate-sensitive diseases

<b>A2.2</b>	Number of food-secure households (in areas/periods at risk of climate change impacts)
<b>A2.3</b>	Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses
<b>A3.1</b>	Number and value of physical assets made more resilient to climate variability and change, considering human benefits (reported where applicable)
<b>A4.1</b>	Coverage/scale of ecosystems protected and strengthened in response to climate variability and change
<b>A4.2</b>	Value (USD) of ecosystem services generated or protected in response to climate change

### E.4. GCF Fund-level outcomes

Select the appropriate outcome(s) to be reported for the project/programme. Add key expected outcomes and corresponding indicators from the GCF RMF and PMFs, as appropriate. Note that more than one indicator may be selected per expected impact result.

#### EXPECTED OUTCOMES

##### Mitigation outcomes:

<b>M5.0</b>	Strengthened institutional and regulatory systems for low-emission planning and development
<b>M6.0</b>	Increased number of small, medium and large low-emission power suppliers
<b>M7.0</b>	Lower energy intensity of buildings, cities, industries and appliances
<b>M8.0</b>	Increased use of low-emission transport
<b>M9.0</b>	Improved management of land or forest areas contributing to emission reductions

##### Adaptation outcomes:

<b>A5.0</b>	Strengthened institutional and regulatory systems for climate-responsive planning and development
<b>A6.0</b>	Increased generation and use of climate information in decision-making
<b>A7.0</b>	Strengthened adaptive capacity and reduced exposure to climate risks
<b>A8.0</b>	Strengthened awareness of climate threats and risk-reduction processes

## INDICATORS

### Mitigation indicators:

<b>M5.1</b>	Institutional and regulatory systems that improve incentives for low-emission planning and development and their effective implementation
<b>M5.2</b>	Number and level of effective coordination mechanisms
<b>M6.1</b>	Proportion of low-emission power supply in a jurisdiction or market
<b>M6.2</b>	Number of households and individuals (males and females) with improved access to low-emission energy sources
<b>M6.3</b>	MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support
<b>M7.1</b>	Energy intensity/improved efficiency of buildings, cities, industries and appliances as a result of GCF support
<b>M8.1</b>	Number of additional female and male passengers using low-carbon transport as a result of GCF support
<b>M8.2</b>	Vehicle fuel economy and energy source as a result of GCF support
<b>M9.1</b>	Hectares of land or forests under improved and effective management that contributes to CO <sub>2</sub> emission reductions

### Adaptation indicators:

<b>A5.1</b>	Institutional and regulatory systems that improve incentives for climate resilience and their effective coordination
<b>A5.2</b>	Number and level of effective coordination mechanisms
<b>A6.1</b>	Use of climate information products/services in decision-making in climate-sensitive sectors
<b>A7.1</b>	Use by vulnerable households, communities, businesses and public sector services of GCF-supported tools, instruments, strategies and activities to respond to climate change and variability
<b>A7.2</b>	Number of males and females reached by [or total geographic coverage of] climate-related early warning systems and other risk reduction measures established/strengthened
<b>A8.1</b>	Number of males and females made aware of climate threats and related appropriate responses

## E.5. Project/programme performance indicators

This section of the funding proposal requests information on project-/ programme-specific performance indicators that seek to measure pre-existing conditions, progress and results at the most relevant level for ease of GCF monitoring and AE reporting (see the following table). These can be at the activity, output or component level. Ideally, there should be one result per component.

EXPECTED RESULTS	INDICATOR	MEANS OF VERIFICATION	BASELINE	TARGET		ASSUMPTIONS
				MIDTERM	FINAL	

## E.6. Activities

All project activities should be listed in this section, with a description of the activities and sub-activities. Significant deliverables should be reflected in the implementation timetable.

ACTIVITY	DESCRIPTION	SUB-ACTIVITIES	DELIVERABLES

## E.7. Monitoring, reporting and evaluation arrangements (maximum 500 words, approximately 1 page)

This section provides a summary of the project-/programme-specific arrangements for monitoring and evaluation, besides the arrangements set out in the accreditation master agreement (e.g. annual performance reports).

First of all, the section shall describe the organizational structure, as well as the duties and responsibilities related to monitoring, reporting and evaluation within the project/programme. This includes explanation of who will be in charge of data collection and project/programme monitoring, how the information will be collected, what quality control and quality assurance measures are planned to be put in place and others. Among others, the AE project reporting relationships, including those with the national designated authority/focal point and between the AE and the executing entity, shall be elaborated.

In cases surveys are planned to be conducted, a brief summary of the proposed approach for conducting them shall be included here or in a separate annex.

The section shall also describe what reporting arrangements will be in place, especially in cases when specific project or programme reporting requirements are planned to be introduced and how these arrangements are aligned with the GCF and AE policies. Reporting obligations shall be clearly identified and linked to the frequency of reporting on project indicators, implementation challenges, and financial status.

Additionally, the section shall describe the specific AE arrangements related to interim and final evaluations, the types of evaluations and the relevant AE and/or GCF policies that are planned to be applied by the project/programme.

It is important to note that while developing this section, the AE shall also prepare **Annex 11: Monitoring and Evaluation Plan** and ensure that the relevant monitoring and evaluation costs are incorporated in the project/programme budget.

Finally, the AE may also wish to describe if there would be any elements of the monitoring, reporting and evaluation arrangements allowing for extracting lessons learnt from the project and best practices, and how these might be reflected in process of project/programme implementation or in the design and implementation of future projects.

## SECTION F. RISK ASSESSMENT AND MANAGEMENT

### F.1. Risk factors and mitigation measures (maximum 1,000 words, approximately 3 pages)

This section of the funding proposal describes the financial, technical, operational, macroeconomic/political, money-laundering/financing of terrorism (ML/FT) sanctions, prohibited practices and other risks that might prevent the project/programme objectives from being achieved. It also describes the proposed risk mitigation measures for each risk. As part of the second-level due diligence, the Secretariat checks whether the accredited entity (AE) has provided the outcome of its anti-money-laundering/ countering the financing of terrorism (AML/CFT) project due diligence. This includes identifying the key risk factors arising from the project's implementation structure, as well as the proposed risk mitigation strategy to effectively address the potential for integrity risks throughout the project cycle.

Fill out the table as appropriate, considering the following options for each column (see also **Table 27**).

RISK CATEGORY
<ul style="list-style-type: none"> <li>• Technical and operational;</li> <li>• Credit;</li> <li>• Foreign exchange;</li> <li>• Governance;</li> <li>• Legal;</li> <li>• Reputational: instances wherein the actions/decisions of GCF are called into question on the basis of undertaking unacceptable risks or outcomes, or which could otherwise lead to a negative image of GCF;</li> <li>• Money-laundering/terrorism financing;</li> <li>• Sanctions: United Nations Security Council resolutions imposing financial sanctions that would prohibit the engagement of GCF;</li> <li>• Prohibited practices: abuse, conflict of interest, corruption and retaliation against whistleblowers or witnesses, as well as fraudulent, coercive, collusive and obstructive practices; and</li> <li>• Others</li> </ul>
PROBABILITY
<ul style="list-style-type: none"> <li>• High: has significant probability;</li> <li>• Medium: has moderate probability; and</li> <li>• Low: has negligible probability</li> </ul>

**IMPACT**

- High: has significant impact;
- Medium: has moderate impact; and
- Low: has negligible impact

The risk and compliance assessment of funding proposals is guided by the following:

- The risk management framework (RMF) approved by the Board;
- The information shared by AEs through funding proposal packages; and
- The project-/programme-specific risks identified by the AE as part of its first-level due diligence.

The RMF is available on the GCF website.<sup>91</sup> The specific documents pertaining to risk assessment of funding proposals are the risk guidelines for funding proposals, the risk appetite statement, and the compliance risk policy.

As per the Board-approved RMF, all proposals under review should be assessed using the risk guidelines for funding proposals. These guidelines can be used to identify the risks involved in a funding proposal and potential mitigation actions to counter the risks. The AE is also encouraged to specify any other risks that it uncovers as part of its first-level due diligence. The guidelines support the notion that GCF will actively take on credit risk to meet its strategic mandate of promoting paradigm shift towards low-emission and climate-resilient development pathways, and that GCF is willing to take on risks that other investors will not.

The risk guidelines for funding proposals contain four subcategories. **Table 27** provides some key points for each of the categories that the project team should aim to cover as part of the risk assessment of the proposed project/programme. AEs are requested to consult the complete document containing the risk guidelines for funding proposals. **Table 28** provides a brief description of project-specific execution risks.

**TABLE 27. RISK GUIDANCE FOR THE FUNDING PROPOSAL ASSESSMENT PROCESS**

RISK GUIDELINES: SUBTYPE	KEY POINTS TO BE CONSIDERED
Guidelines for assessing the risk of a project/programme failing to deliver its target impact	<ul style="list-style-type: none"> <li>• A clear description of the project/clear parameters for making delegated funding decisions (for programmes);</li> <li>• Policy and regulatory support from the country;</li> <li>• Project(s)-specific execution risks, such as construction, operations, key supplies, the legal and regulatory environment; and</li> <li>• Adequacy of the capabilities of the AE and EE to deliver the project, as well as the experience of the AE in working with the proposed EE, in the country, in executing similar projects. Assessment by the AE of the EE in terms of its capacity to implement the project, and its experience</li> </ul>

<sup>91</sup> See decisions B/17.11 and B.19/04.

RISK GUIDELINES: SUBTYPE	KEY POINTS TO BE CONSIDERED
Risk guidelines for setting funding terms and conditions	<p>A description of the terms on which the AE is proposing GCF financing for the project/programme. These terms should be based on the first-level due diligence performed by the AE before submitting the funding proposal to GCF and can include clauses pertaining to disbursement-related conditions, covenants, rights of GCF vis-à-vis co-financiers, and technical and financial criteria to be applied by the AE while selecting the recipients of GCF resources (mainly required for programmes). A description of the seniority/subordination of GCF vis-à-vis other co-financiers; for loans, an explanation of who is the borrower and whose credit risk GCF is requested to assume; for equity, a description of the exit opportunity for GCF; and for guarantees, what is the proposed guarantee cover, how does GCF guarantee help to the beneficiaries, etc.</p> <p>The details of pricing and AE fees may be finalized later; however, the AE can specify the proposed concessional pricing requested to make the project(s) viable</p> <p>Are the funding terms clear and in line with GCF policies?</p> <p>Are the possible negative financial consequences and liabilities elaborated in the funding proposal?</p>
Guidelines for assessing alignment with GCF portfolio-level risk limits	Will approval of this proposal breach GCF portfolio-level risk appetite metrics?
Guidelines for assessing compliance with GCF policies and legal requirements	Does the proposal ensure that the zero tolerance of the GCF for prohibited practices and such risks are adequately prevented and mitigated?

Abbreviations: AE = accredited entity, EE = executing entity.

**TABLE 28. BRIEF DESCRIPTION OF PROJECT-SPECIFIC EXECUTION RISKS**

RISK CATEGORIES	BRIEF DESCRIPTION
Technical and operational	Potential challenges concerning the technology to be used in project implementation, operation and maintenance issues; government/regulatory support required for implementation and steady operation of the project
Credit	Risk pertaining to repayment of GCF loans; invocation of a guarantee due to repayment default under the loans guaranteed by GCF
Foreign exchange	Impact of currency fluctuation on project costs, revenue and profitability
Governance	Adequacy of the control structure; AE safeguarding GCF interests; country regulations
Legal	Validity/enforceability of contracts; rights of GCF under the legal agreement
Reputational	Risk that the funding proposal can cause an adverse perception of GCF, or affect the credibility of GCF
Money-laundering/financing of terrorism	Risk that instances of money-laundering and/or financing of terrorism can occur or threaten proposed activities and expenditures. Risks that failure to meet international standards with respect to preventing money-laundering and/or financing of terrorism can present problems such as obstacles to financial flows and/or implementation and/or payment processing
Sanctions	Confirmation as to whether there are any United Nations Security Council resolutions imposing financial sanctions that would prohibit the engagement of GCF or the AE in the country or with individuals or entities. If there are United Nations Security Council resolutions applicable to the country, indicate whether any approvals, exemptions, exceptions, licences or other permissions are required and provide a description as to how those would be sought and when



RISK CATEGORIES	BRIEF DESCRIPTION
Prohibited practices	Whether there is any risk that prohibited practices <sup>a</sup> may occur during the implementation and financing of the activities and what mitigation measures may be present or proposed. Also provide assurances that the Policy on Prohibited Practices can be effectively enforced downstream among counterparties to the proposed project
Others	Other project-specific risks identified by the AE through its first-level due diligence, which could include any restrictions or conditions required by international, regional, or national entities that could impact the project implementation

Abbreviation: AE = accredited entity.

<sup>a</sup> Please refer to the Policy on Prohibited Practices, contained in annex XIV to decision B.22/19.

## COMPLIANCE WITH GCF STANDARDS

The following key areas are assessed as part of the GCF compliance review and thus should be carefully considered as part of the funding proposal appraisal process:

- Institutional arrangements/implementation, including financial flows;
- Project governance;
- Risk factors; and
- Financial management and procurement.

Table 29 presents the key categories that constitute the compliance assessment.

**TABLE 29. COMPLIANCE ASSESSMENT**

A.	AML/CTF	<ul style="list-style-type: none"> <li>• AML/CTF risks</li> <li>• United Nations Security Council sanctions/resolutions imposing financial sanctions</li> </ul>
B.	Prohibited practices	<ul style="list-style-type: none"> <li>• Corruption and fraud</li> <li>• Abuse</li> <li>• Coercive, collusive or obstructive policies</li> </ul>
C.	Financial management, procurement, internal controls	<ul style="list-style-type: none"> <li>• Project-based monitoring in collaboration with the Office of Portfolio Management and the business lines</li> <li>• Accreditation-based monitoring for significant structural changes within the respective counterparty</li> <li>• Disbursements</li> <li>• Policies and procedures</li> </ul>
D.	Other related financial crimes or irregularities	<ul style="list-style-type: none"> <li>• Institutional arrangements/implementation, including financial flows</li> </ul>
E.	Other	<ul style="list-style-type: none"> <li>• Whether any exceptions, exemptions, permissions, licenses or waivers are required before the AE or GCF can engage in the project</li> </ul>

Abbreviations: AE = accredited entity, AML = anti-money-laundering, CTF = countering the financing of terrorism.

---

It is recommended that the AE prepares a prohibited practice prevention plan. A preliminary assessment should be conducted regarding the risks related to ML/FT and prohibited practices, along with a statement on the strategy of the AE to monitor, mitigate and address such risks.<sup>92</sup>

## SECTION G. GCF POLICIES AND STANDARDS

### **G.1. Environmental and social risk assessment (maximum 750 words, approximately 1.5 pages)**

This section of the funding proposal should provide the environmental and social (E&S) risk category assigned to the proposal as a result of screening and the rationale for assigning such category. This section should also present the E&S assessment and management instruments developed for the proposal (e.g. the environmental and social impact assessment (ESIA), the environmental and social management plan (ESMP), the environmental and social management framework (ESMF)/environmental and social management system (ESMS), E&S audits).

This section discusses how the E&S due diligence has been conducted using appropriate methods to properly describe the baseline conditions, assess project alternatives, identify potential direct, indirect, induced, long-term and cumulative impacts, including from associated facility(ies), and the measures required to avoid, minimize and mitigate identified risks and impacts and compensate for residual impacts. The main outcomes of the E&S assessments undertaken and/or the summary of the ESMPs, ESMF or ESMS, as appropriate, are described in this section. Please note that in selecting the appropriate E&S categorization of the project, proposed mitigation measures should not be considered and the categorization should be based on the pre-mitigation impact intensity and context. Additional guidance on the screening and categorization of GCF projects and the simplified approval process is available on the GCF website.<sup>93</sup>

This section should also identify any Indigenous peoples, taking into account the broad criteria used in section IV of the GCF Indigenous Peoples Policy. Any potential impacts on Indigenous peoples should be described, alongside the measures to address such impacts, including the development of an Indigenous peoples plan and the process for meaningful consultation leading to free, prior and informed consent (as relevant), pursuant to the GCF Indigenous Peoples Policy. Positive and innovative measures to include Indigenous peoples and local communities, and their knowledge, in aspects such as project implementation, governance, and stakeholder engagement can also be described. Additional information on the implementation of the Indigenous Peoples Policy is provided in the GCF operational guidelines on the Indigenous Peoples Policy, available on the GCF website.<sup>94</sup>

In addition, this section should explicitly present the key E&S risks and impacts and the measures required to avoid, minimize and mitigate any negative impacts caused by the project/programme at each stage (e.g. preparation, construction and operation,

---

<sup>92</sup> Further information on the guidelines for assessing the risk of a project/programme is available on the GCF website at <<https://www.greenclimate.fund/document/risk-guidelines-funding-proposals-component-iv>>.

<sup>93</sup> See <<https://www.greenclimate.fund/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities>>; and <<https://www.greenclimate.fund/document/guidelines-environmental-and-social-screening-activities-proposed-under-simplified-approval>>.

<sup>94</sup> See <<https://www.greenclimate.fund/document/Indigenous-peoples-policy>>.

closure and decommissioning), in accordance with the GCF environmental and social safeguards (ESS) standards. If the proposed project or programme involves investments through financial intermediation, describe the due diligence and management plans by the executing entities (EEs) and the oversight and supervision arrangements. The capacity of the EEs to implement the ESMP and/or ESMF and arrangements for compliance monitoring, supervision and reporting are also described in this section.

This section should also include a description of the project-/programme-level grievance redress mechanism, a summary of the extent of multi-stakeholder consultations undertaken for the project/programme, the plan of the accredited entity (AE) and EEs to continue to engage the stakeholders throughout project implementation, and the manner and timing of disclosure of the applicable safeguards reports, in line with the requirements of the GCF Information Disclosure Policy and the GCF Environmental and Social Policy. Additional information on ensuring and designing meaningful stakeholder engagement in GCF projects is provided on the GCF website.<sup>95</sup>

With regard to capacity-building for the grievance redress mechanisms of DAEs and for the design and implementation of project-/programme-level grievance redress mechanisms, the GCF Independent Redress Mechanism is available to provide assistance through workshops, as well as online training modules, and can be contacted at [irm@gcfund.org](mailto:irm@gcfund.org).

## ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Projects are classified according to the potential E&S risks and impacts that the project/programme is likely to generate. Please note that in selecting the appropriate E&S category of the project, proposed mitigation measures should not be considered and the categorization should be based on the pre-mitigation impact intensity and context. AEs undertake E&S risk screening of the proposed project(s) to determine the E&S risk categories, the nature and depth of the E&S assessment, appropriate stakeholder engagement, and the type of information to be disclosed. AEs are assigned a category that defines the maximum E&S risk category of projects that they can propose to GCF and which reflects the level of E&S risk that the AE is equipped to deal with. AEs should only submit projects and programmes with an E&S risk category lower than or equal to the one for which they are accredited.

The AE will need to determine the E&S risk category of the project/programme through a screening process that forms part of the ESMS of the AE. GCF will confirm the E&S risk category assigned by the AE based on the screening; if it is inconsistent, GCF will require the AE to reflect the appropriate category. The key purpose of the ESMS is to help AEs/EEs to ensure that environmental, climate change and social considerations are integrated into the project cycle, from identification to post-completion, and to ensure that stakeholders have appropriate disclosure and participation in the project development, design and implementation phases. Effective implementation of the ESMS will help to avoid incurring costs and implementation delays as a result of unanticipated problems. Accurate categorization will minimize the possibility of the grievance redress mechanism of the AE or the GCF Independent Redress Mechanism having to intervene at a later stage through a miscategorization complaint or grievance. It will also reduce the need for project conditionality, as measures can be taken in advance and can be incorporated into the project design, or project alternatives can be considered.

<sup>95</sup> See <<https://www.greenclimate.fund/document/Indigenous-peoples-policy>>.

Following the screening, AEs will undertake appropriate integrated assessments that will take into consideration the combined E&S risks and impacts, as well as the nature, magnitude and complexity of these impacts and the specific characteristics of the influence area.

The E&S assessments cover all stages of the project, from construction and operation through to closure/decommissioning. AEs and/or EEs are responsible for conducting the assessment and for developing, as an integral part of the project funding documentation, an appropriate plan for managing potential impacts. **Box 16** provides guidance on minimizing the risk of complaints.

#### **BOX 16. MINIMIZING THE RISK OF COMPLAINTS**

The GCF IRM addresses complaints by people who believe they have been adversely impacted or may be affected by projects or programmes funded by GCF.<sup>a</sup> The AE is required, as a condition of funding stipulated in the accreditation master agreement, to also establish a grievance redress mechanism to address complaints from people affected by the project.

In addressing complaints, the IRM, after assessing whether the complaint can be addressed through problem solving, undertakes compliance processes as a means to achieving redress. Compliance processes are undertaken only when a GCF project or programme potentially has not complied with GCF policies and procedures. These include environmental and social safeguards.<sup>b</sup>

Ensuring a robust environmental and social risk assessment, and that environmental and social safeguards are appropriately integrated into the project cycle, will significantly reduce the likelihood of complaints to the IRM or the grievance redress mechanism of the AE. Environmental and social risks include gender and Indigenous peoples concerns.

Ensuring that the grievance redress mechanism of the AE is fully functional and able to handle complaints will also ensure that people affected by the project receive on-the-ground support, where appropriate, and will reduce the number of complaints submitted to the IRM. As part of its mandate, the IRM undertakes capacity-building activities with GCF direct access entities to help them to build capacity related to grievance mechanisms and procedures. The IRM is currently developing learning modules for use in online and in-person training. These modules will be based on best practices currently available for the establishment and operation of a grievance mechanism and will be rolled out to direct access entities and other parties, and will be made available to the public.

Abbreviations: AE = accredited entity, IRM = Independent Redress Mechanism.

<sup>a</sup> See <<https://www.greenclimate.fund/what-we-do/projects-programmes>>.

<sup>b</sup> See <<https://www.greenclimate.fund/safeguards/environment-social>>.

**Table 30** provides information on the E&S risk categories of projects, while **Table 31** describes E&S assessment and management instruments.

**TABLE 30. ENVIRONMENTAL AND SOCIAL RISK CATEGORIES OF PROJECTS, INCLUDING THOSE INVOLVING DIRECT INVESTMENTS THROUGH FINANCIAL INTERMEDIATION FUNCTIONS, OR DELIVERY MECHANISMS INVOLVING FINANCIAL INTERMEDIATION**

CATEGORY	DESCRIPTION
<b>A</b>	Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented
<b>B</b>	Activities with potential limited adverse environmental and/or social risks and impacts that, individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures
<b>C</b>	Activities with minimal or no adverse environmental and/or social risks and/or impacts
<b>High level of intermediation, I-1</b>	When an intermediary's existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented
<b>Medium level of intermediation, I-2</b>	When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented
<b>Low level of intermediation, I-3</b>	When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and social impacts

**TABLE 31. ENVIRONMENTAL AND SOCIAL ASSESSMENT AND MANAGEMENT INSTRUMENTS**

<b>ESIA</b>	The ESIA is a comprehensive document describing a project's potential environmental and social risks and impacts, which is developed based on key process elements generally consisting of: (i) initial screening of the project and scoping of the assessment process; (ii) examination of alternatives; (iii) stakeholder identification (focusing on those directly affected and other stakeholders) and gathering of environmental and social baseline data; (iv) impact identification, prediction and analysis; (v) generation of mitigation or management measures and actions; (vi) evaluation of the significance of impacts and evaluation of residual impacts; (vii) consultation with and disclosure to people affected by the project, including setting up a grievance mechanism; and (viii) documenting the assessment process in the form of an ESIA report
<b>ESMP</b>	The ESMP is a document prepared either as part of an ESIA, or as a separate document accompanying the ESIA, describing the process of management of the mitigation measures and actions identified in the ESIA study, including the associated responsibility, timeline, costs and monitoring of key environmental and social indicators described in the ESMP
<b>ESMS</b>	The ESMS is a process that institutions have in place to ensure that they adequately identify, assess, manage, mitigate and monitor environmental and social risks and respond to problems that arise. Specific to projects and programmes, the process for environmental and social due diligence and management of risks and impacts will be captured in the ESMF and other specific management frameworks, such as those related to land acquisition and resettlement, Indigenous peoples and stakeholder engagement
<b>Others</b>	As may be required by specific environmental and social safeguards, the Environmental and Social Policy and the Indigenous Peoples Policy, additional stand-alone assessment and management plans may need to be prepared and disclosed. Examples of additional instruments include: a resettlement policy framework, resettlement action plan, Indigenous peoples planning framework, Indigenous peoples plan, and biodiversity action plan

*Abbreviations:* ESIA = environmental and social impact assessment, ESMF = environmental and social management framework, ESMP = environmental and social management plan, ESMS = environmental and social management system.

It is worth noting that attempts to force down a categorization is discouraged by GCF and miscategorizations could become the subject of interventions by the grievance redress mechanism of the AE or the GCF Independent Redress Mechanism, or both, at a later stage.<sup>96</sup>

## INDIGENOUS PEOPLES POLICY

The GCF Indigenous Peoples Policy aims to assist GCF in incorporating considerations related to Indigenous peoples into its decision-making while working towards the goals of climate change mitigation and adaptation. The policy allows GCF to anticipate and avoid any adverse impacts its activities may have on Indigenous peoples' rights, interests and well-being, and when avoidance is not possible to minimize, it enables GCF to mitigate and/or compensate appropriately and equitably for such impacts, in a consistent manner, and to improve outcomes over time. These elements of the policy will be integrated with other standards and policies, including ESS. It is worth noting that the GCF Indigenous Peoples Policy is generally more progressive than the analogous policies of AEs and must be complied with for a project to move forward.

Noting there may be multiple definitions associated with the term "Indigenous peoples", it is highly encouraged to review paragraphs 13–16 of the Indigenous Peoples Policy as these contain the broad criteria and terminologies used in identifying Indigenous peoples and applying the policy.

The Secretariat has also prepared operational guidelines for the Indigenous Peoples Policy<sup>97</sup> to provide guidance on the application of the policy, which forms part of the GCF ESMS. In particular, the guidelines explain the requirements of the Indigenous Peoples Policy and the related ESS.

## G.2. Gender assessment and action plan (maximum 500 words, approximately 1 page)

This section should provide a summary of the gender assessment and project-/ programme-level gender action plan provided as annex 8 to the funding proposal, which should be aligned with the objectives of the updated GCF Gender Policy.<sup>98</sup> It should describe the process used to develop both documents and provide information on the key findings (who is vulnerable and why) and key recommendations (how to address the vulnerability identified) of the gender assessment. It should also indicate whether stakeholder consultations took place and describe the key inputs integrated into the action plan, including how addressing the vulnerability will ensure equal participation and benefits from GCF investment, as well as the key gender-related results to be expected from the project with targets, and the implementation arrangements that the AE has put in place to ensure that activities will be implemented, and that the expected outcomes will be achieved, monitored and evaluated.

## GENDER ASSESSMENT

The GCF Gender Policy (and the updated Gender Policy) recognizes the equal rights of women and men to access GCF services in order to adapt to and mitigate against the impact of climate change. GCF is the first dedicated climate fund to have put in place a gender mainstreaming approach at the start of its funding operations. GCF

<sup>96</sup> Please see the sustainability guidance note on screening and categorizing GCF financed activities for more information on how to assess E&S risks. Available at <<https://www.greenclimate.fund/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities>>.

<sup>97</sup> The guidelines are available at <<https://www.greenclimate.fund/document/Indigenous-peoples-policy>>.

<sup>98</sup> Available at <<https://www.greenclimate.fund/document/gender-policy>>.

employs a gender-sensitive approach in its processes and operations, as expressed in the Governing Instrument for the GCF and translated through its updated Gender Policy and Gender Action Plan, approved by the Board at its twenty-fourth meeting in November 2019. Gender considerations are already mainstreamed into key operational policies and guidelines, such as results management frameworks, investment decisions, accreditation procedures and stakeholder engagement processes. GCF is committed to contributing to gender equality; it applies its updated Gender Policy in all mitigation and adaptation work implemented at the international, regional, national and subnational levels, or by public and private AEs, accounts for gender-related results and informs national designated authorities/focal points seeking to align with national policies and priorities.

GCF has developed a practical manual<sup>99</sup> to support the integration of gender equality in climate change interventions and climate finance, and has also committed to making GCF readiness and preparatory support available to enhance capacities to implement the GCF updated Gender Policy.

The commitment of GCF to addressing gender equality starts with the accreditation process, which takes into account the fit-for-purpose accreditation approach, whereby entities are required to meet the provisions of the GCF updated Gender Policy. Entities are required to have gender policies, procedures and competencies in place. Following accreditation, and at the project/programme level, the AE is required to develop its gender assessment and gender action plan as they relate to the GCF-approved project/programme. A gender assessment and action plan template is available on the GCF website<sup>100</sup> to provide guidance on the elements that should be provided in the gender assessment and action plan.

Gender-related complaints and grievances that may occur as a result of project/programme implementation are processed through the GCF Independent Redress Mechanism.

## GENDER ACTION PLAN

All GCF-funded projects should have a gender action plan that is expected to be able to respond to the findings of the gender assessment. A project-specific gender action plan ensures gender mainstreaming in project design and implementation. Gender action plans should include clear targets, sex-disaggregated targets, indicators, a budget, responsibilities and timelines. Further information and a GCF toolkit on mainstreaming gender are available on the GCF website.<sup>101</sup>

### **G.3. Financial management and procurement (maximum 500 words, approximately 1 page)**

This section should describe the project/programme's financial management, including the financial monitoring systems of the entities involved, financial accounting standards, and disbursement arrangements, structure and methods.

It should also describe the financial flows in the context of applicable AE accreditation parameters (e.g. specialized fiduciary function), referring to section B.4 ("Implementation/institutional arrangements"), as necessary.

<sup>99</sup> <https://www.greenclimate.fund/document/mainstreaming-gender-green-climate-fund-projects>

<sup>100</sup> See <<https://www.greenclimate.fund/document/gender-assessment-and-action-plan-annex-8-funding-proposals>>.

<sup>101</sup> See <<https://www.greenclimate.fund/projects/gender>>; and <<https://www.greenclimate.fund/document/mainstreaming-gender-green-climate-fund-projects>>.

---

This section should also provide a summary of the procurement plan as detailed in annex 10. It should articulate any procurement issues that may require attention (e.g. procurement implementation arrangements and the role of the AE under the respective proposal), and describe the procurement risk assessment undertaken and how that will be managed and monitored by the AE or the implementing agency with respect to its subcontractors in cases where high-risk indicators are identified.

#### G.4. Disclosure of the funding proposal

This section should indicate whether the funding proposal includes confidential information. If it contains confidential information, the AE should provide an explanatory note, as well as two copies of the funding proposal, as indicated in the funding proposal template (a full copy for internal use and a redacted copy for disclosure on the GCF website).

The GCF Information Disclosure Policy (IDP) provides that GCF will apply a presumption in favour of disclosure for all information and documents relating to GCF and its funding activities. Under the IDP, project and programme funding proposals will be disclosed on the GCF website simultaneously with their submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Information provided in confidence is one of the exceptions, but this exception should not be applied broadly to an entire document if the document contains specific, segregable portions that can be disclosed without prejudice or harm. This section of the funding proposal template sets out the requirements when submitting the funding proposal, inclusive of the annexes, to the Secretariat.

Moreover, the accreditation master agreement contains provisions governing disclosure and confidentiality, for example, on information submitted by an AE to GCF marked and/or described as “confidential”.

## SECTION H. ANNEXES

The following section provides an overview of the annexes to the GCF funding proposal. **Box 17** contains a tip on completing the annexes.

#### BOX 17. TIP FOR ANNEXES

At the level of the annex, keep the number of indicators at a manageable level and follow the SMART principle (specific, measurable, achievable, relevant and time-bound) when defining them. In addition, check for consistency between the definition and the unit of measure proposed. Results should demonstrate gender-related outcomes, outputs and activities.



## H.1. MANDATORY ANNEXES

The accredited entities (AEs) are requested to use the GCF template for the following annexes, which are available on the GCF website<sup>102</sup>:

Funding proposal Annex 1 template - NDA no-objection letter
Funding proposal Annex 4 template - Detailed budget plan
Funding proposal Annex 5 template - Implementation timetable
Funding proposal Annex 6 form - ESS disclosure report form
Funding proposal Annex 8 template and guide - Gender assessment and action plan
Funding proposal Annex 9a: Legal due diligence
Funding proposal Annex 9b: Legal opinion certificate of internal approvals
Funding proposal Annex 10 - Procurement plan
Funding proposal Annex 11 template - Monitoring and evaluation plan
Funding proposal Annex 12 template - AE fee request
Funding proposal Annex 13 template - Co-financing commitment letter
Funding proposal Annex 15 template - Evidence of internal approval
Funding proposal Annex 17 template - Multi-country project/programme information

### Annex 1: National designated authority no-objection letter(s)

A signed no-objection letter from the national designated authority (NDA) of each country in which the intervention is proposed should be submitted following the template provided on the [GCF website](#).

The no-objection letter must be signed by the official representative of the NDA or focal point registered with the Secretariat.

In line with the GCF transparent no-objection procedure,<sup>103</sup> NDAs/focal points must ensure that the proposed project/programme is consistent with country-driven approaches and national climate strategies and plans. Therefore, the communication of no-objection by the NDA or focal point in line with the provisions of this procedure will imply that: (a) the government has no-objection to the funding proposal; (b) the submitted funding proposal is in conformity with the country's national priorities, strategies and plans, and that consistency was pursued; and (c) the submitted funding proposal is in conformity with relevant national laws and regulations, in accordance with the GCF environmental and social safeguards.

NDAs/focal points should be notified by the AE when a funding proposal is being developed for their respective country, and the AE should confirm with the respective

<sup>102</sup> See <<https://www.greenclimate.fund/projects/process>>.

<sup>103</sup> Decision B.08/10.

NDA/focal point their agreement to the terms and conditions of the proposed project via the no-objection letter. Stakeholder engagement and coordination at the national level, notably between ministries, which should be embedded in a country's procedure for issuing a no-objection letter, is critical for the effective preparation of funding proposals, as well as for ongoing monitoring and evaluation after approval.

Developing countries are urged to take into account the best-practice guidelines for the establishment of NDAs and focal points and the best-practice options for country coordination and multi-stakeholder engagement as set out in annexes XIII and XIV to decision B.08/10 (annexes XIII and XIV to document GCF/B.08/45).<sup>104</sup>

## Annex 2: Feasibility study and, if applicable, market study

The funding proposal should refer to annex 2 as much as possible and only provide meaningful summary information from the results of the feasibility study.

A feasibility or pre-feasibility study is a pre-submission requirement that is necessary to determine whether the proposed project is feasible and implementable. This information needs to be provided in **annex 2** to the funding proposal, which is a mandatory annex. The study should present:

- An assessment of the various technological options analysed for the proposed project scope;
- Alternative scenarios and a clear conclusion with recommendations for the selection of specific project interventions;
- The reasons why those interventions have been chosen for a particular project; and
- An explanation of the underlying logic of the project structure and activities.

However, information presented in the study should not duplicate that provided in the funding proposal. The feasibility and pre-feasibility studies are defined as follows:

**Pre-feasibility study:** A preliminary study undertaken at the early stage of a project to help to establish whether the project is viable and what the feasible options are. The main difference between the feasibility and the pre-feasibility study is the use of primary or secondary data as sources. Pre-feasibility studies rely on secondary data and existing evaluation reports.

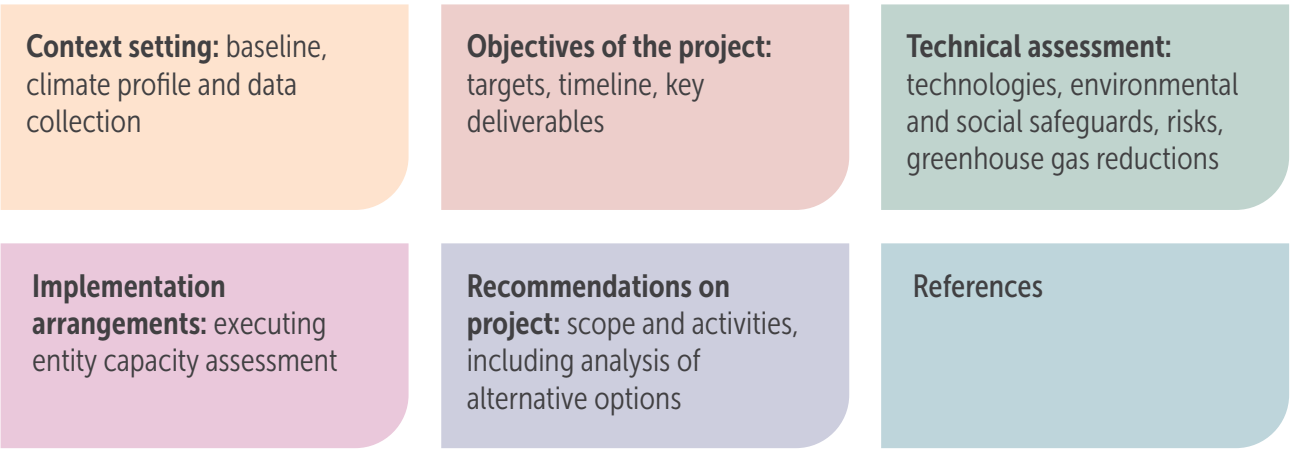
**Feasibility study:** A detailed study/assessment undertaken as part of the preparation of the funding proposal to analyse the current state/conditions of the area and assets that the project/programme is targeting, the existing market, the different options/interventions possible to address the problem and the reasons for selecting specific technological solutions over alternative options. The study should also analyse the potential impact of the proposed project, including its estimated greenhouse gas (GHG) emission reductions in the case of mitigation or cross-cutting projects. In such cases, a transparent GHG emission measurement, reporting and verification methodology should be proposed and presented, including a GHG emission reduction calculation sheet.

**Note:** In cases where a proposal involves the scaling up of projects/programmes that have been previously funded, existing studies, mid-term or final project evaluations, or data used for those prior activities could be updated and used for the preparation of the funding proposal.

<sup>104</sup> Document GCF/B.08/45 titled "Decisions of the Board, Eighth Meeting of the Board, 14–17 October 2014".

Figure 24 illustrates the indicative content of the feasibility and pre-feasibility studies.

FIGURE 24. INDICATIVE CONTENT OF THE FEASIBILITY/PRE-FEASIBILITY STUDY



SURVEYS AND ANALYSES

As part of the technical assessment, a range of surveys and analyses are often necessary as part of the project appraisal. These surveys and analyses should provide a general overview and describe the socioeconomic situation of the project site, country or region, the status and conditions of the existing infrastructure (if the proposed project activities will result in building/upgrading existing infrastructure), climate and weather data analyses, an overview of the status of the targeted sector, and relevant laws and regulations, among other elements. Part of these analyses can be conducted through surveys of relevant stakeholders, market analyses, or other assessments.

Annex 3: Economic and/or financial analysis

Economic and financial analyses are required in **annex 3 to the funding proposal**. The objective of these analyses is to assess the viability of the project/programme and mobilize adequate resources from GCF, AEs, governments, financial institutions, project sponsors and/or other co-financiers. Elements of the economic and/or financial analysis can inform aspects of each of the GCF investment criteria, elaborated in section D, titled “Expected performance against investment criteria”. Most directly, an assessment of the efficiency and effectiveness investment criterion is based predominantly on the economic and financial analyses. Indirectly, the economic and financial analyses can form part of the assessment of the impact potential, paradigm shift potential, sustainable development potential and needs of the recipient. **Table 32** illustrates the applications of the economic and financial analyses to the GCF investment framework.

**TABLE 32. APPLICATIONS OF THE ECONOMIC AND FINANCIAL ANALYSES TO THE GCF INVESTMENT FRAMEWORK**

INVESTMENT CRITERION	INDICATIVE ASSESSMENT FACTORS/INDICATORS
Impact potential	Number of direct and indirect beneficiaries
Paradigm shift potential	Sustainability of outcomes beyond completion of the interventions
	Market development and transformation
	Scalability and replicability
Sustainable development potential	Economic co-benefits
Needs of the recipient	Economic and social development level of the country and the affected population
	Absence of alternative sources of financing
Efficiency and effectiveness	Cost-effectiveness
	Financial adequacy
	Minimum concessionality
	Leveraging and catalysing investment
	Long-term economic and financial viability

Although they are complementary, the economic analysis and financial analysis are two different tools that assess different aspects of a funding proposal. The financial analysis forecasts cash flows to the project or a single party, and is used to assess sustainability, paradigm shift potential, concessionality and risk, among other elements. The economic analysis projects the costs and benefits to society at the national or global level, including those that cannot be monetized, and is used to assess cost-effectiveness, incremental cost, non-market benefits and economic co-benefits.

The results of the economic and financial analyses are usually summarized in the funding proposal, and the models and documentation used are submitted as annex 3 to the funding proposal. **Box 18** provides information on the economic and financial analysis files to be submitted with a funding proposal.

**BOX 18. ECONOMIC AND FINANCIAL ANALYSIS FILES TO BE SUBMITTED WITH A FUNDING PROPOSAL**

1. A summary report submitted as an annex to the funding proposal that describes the economic and/or financial analysis conducted by the accredited entity during first-level due diligence. It should cite data sources and evidence, explain the assumptions and methodology used, and provide an interpretation of the results and sensitivity analysis;

2. Spreadsheets corresponding to the summary report that show all the calculations used for the economic and/or financial analysis. Worksheets should be unlocked, well-organized, include all formulas and clearly label data and results; and
3. References to the economic and/or financial analysis throughout the funding proposal document. Accredited entities should use the economic and/or financial analysis to inform their funding proposal, rather than as a checklist item to be submitted to the Secretariat.

## ECONOMIC ANALYSIS

The project/programme's economic viability is assessed through an economic cost-benefit analysis, which is a comparison of the project's monetary and non-monetary costs and benefits to the international community over time.<sup>105</sup> After the costs and benefits are identified and quantified, their value is compared and summarized through two complementary statistics: the economic internal rate of return (EIRR) and the economic net present value (ENPV). This is part of the first-level due diligence that AEs are expected to conduct and submit to GCF. GCF expects AEs to follow their own guidelines for the cost-benefit analysis, as long as they provide sufficient information to assess the project. The Secretariat reviews economic models to ensure that they are technically sound and to inform the assessment of the project against the GCF investment criteria.

One of the key features of an economic analysis is that it assesses the use of scarce resources, instead of just financial flows. As such, it uses opportunity costs and shadow prices<sup>106</sup> to value costs and benefits and excludes transfers, taxes, subsidies and inflation. It also estimates the economic value of project benefits that may not have cash flows, such as GHG emissions or ecosystem services. All costs and benefits are projected over the entire economic lifespan of the project, which may vary from 10 years or less for some types of technical training to 30 or more years for major infrastructure investments. The costs and benefits are then compared against a counterfactual scenario, which is the situation that would prevail in the absence of the project. The net benefits are calculated as the difference between the "with project" and "without project" scenarios, and the EIRR and ENPV are estimated in accordance with that net benefit stream. In some cases, multiple project scenarios may be modelled to compare alternative project designs.

When assessing the EIRR or estimating the ENPV, a social discount rate (SDR) should be used. Many development organizations use a standard SDR in the range of 8–12 per cent, although some are moving towards lower SDRs (e.g. 6 per cent) for climate projects owing to the long timelines associated with the impacts of climate change. GCF does not endorse any particular SDR, but asks AEs to justify their choice of SDR and conduct a sensitivity analysis for multiple SDRs, as appropriate.

## FINANCIAL ANALYSIS

The project/programme's viability is also examined from a financial standpoint. Although the form of the financial analysis is similar to the economic analysis, the content is different. The main difference between the financial analysis and

<sup>105</sup> A cost-benefit analysis is typically a microeconomic analysis, in which individual cost streams and benefit streams are added together to estimate net benefits, rather than a top-down macroeconomic analysis of changes in gross domestic product.

<sup>106</sup> Shadow prices are proxy prices used to estimate the cost or benefit to society of inputs or outputs that are not traded in markets (e.g. ecosystem services, GHG emissions) or affected by price distortions (e.g. taxes, subsidies or administrative restrictions on market activity).

---

the economic analysis is that the latter examines the effects on the national economy, whereas the former measures expenditures and revenues incurred on a project/programme scale, or for a single party within the project/programme (e.g. a special purpose vehicle, utility company, household). As it provides a single perspective, there can be multiple financial analyses for the same project (e.g. one for the special purpose vehicle, one for the end users). The financial analysis projects the cash flows over time and summarizes them in several statistics: the financial internal rate of return (FIRR), the financial net present value, the payback period, and the debt service coverage ratio.

The financial analysis is used to estimate both the initial and long-term financial viability of the project. A comparison of the FIRR with the weighted average cost of capital (WACC) is one factor that private sector actors consider when deciding whether to invest in a project. All else equal, an FIRR that exceeds the WACC shows that the project is financially viable, while an FIRR below the WACC indicates non-viability. For GCF projects, AEs estimate the FIRR and WACC with and without GCF funding, which can then be used to illustrate how GCF concessionality makes the investment viable. Because the financial analysis projects cash flows over the lifespan of the project, it can also be used to assess sustainability beyond the intervention of GCF.

For public sector grant projects, the financial analysis may demonstrate that a project is not financially viable. In this situation, the economic and financial analyses may be used in tandem to assess the overall case for the project. A project that is not financially viable but is economically viable owing to its significant non-monetary benefits may in fact be an excellent target for GCF grants or other concessional funding to enable the provision of those broad economic benefits because the market does not.

While this should be incorporated in the feasibility study, the spreadsheet format of the economic and financial analyses is requested as part of the funding proposal submission to determine the detailed methodology used for the results of the analyses.

#### **Annex 4: Detailed budget plan**

This is a mandatory annex that should be consistent with section C ("Financing information") and the term sheet. It should be submitted following the template provided on the GCF website in spreadsheet format.

The budget provides a breakdown by type of expense, including project staff and consultants, travel, goods, works, services and construction costs. Each budget line should clearly identify the source of financing and the proposed financial instrument, and should be supported by the assumptions made in order to arrive at the budget figures, in the form of budget notes.

The detailed budget cost calculation should be undertaken to specify the planned expenditures, categorized by component. Budget details by subcomponent and natural class/type should be provided to the extent possible (e.g. consultant costs, professional services, works, travel). Examples of assumptions and budget notes include:

- Descriptions, unit costs and quantities of equipment;
- Consultant costs per month, number of months and job title;
- Number of training sessions and cost per session;
- Number of international trips and cost per trip; and
- Description of in-kind financing.

The AE fees should be calculated separately based on the GCF policy on fees for AEs. The AE fee activities covered are not included under the direct cost and should be separated from the project management costs.

The percentage of project management costs financed by GCF should not be more than the percentage share of the overall budget financed by GCF. The project management costs should be shown as a separate component in the project budget. A detailed breakdown and explanation of the components of the project management costs should be provided.

Project management costs exceeding 5 per cent for funding proposals exceeding USD 3 million, or exceeding 7.5 per cent for funding proposals below USD 3 million will require justification and detailed documentation supporting the entire budget for project management costs.

**Project management activities:**

- Preparation of the annual project workplans/programmes and budgets, including analysis and reporting;
- Preparation of procurement plans;
- Preparation of the project withdrawal requests for disbursement;
- Preparation of terms of reference and procurement packages;
- Tracking and monitoring of project costs and deliverables to plan;
- Maintenance of a knowledge and records management system;
- Preparation of progress reports and financial management reports; and
- Support to the project steering committee/project board or equivalent body; and liaison with the auditors on any audit-related matters.

**Eligible project management costs:**

- Project staffing and consultants: project manager; project assistant; procurement personnel; finance personnel; and support/administrative personnel;
- Other direct costs: office equipment;
- Mission-related travel costs of the project management unit;
- Project management systems and information technology; and
- Office supplies.

**Project activities and costs not covered under project management costs:**

- Costs of salaries and benefits of seconded staff from the executing entities, unless pre-approved by GCF;
- Costs of salaries and fees for AE staff or consultants, unless these have been pre-approved by GCF;
- Budgeted costs under general classifications such as “miscellaneous” or “unspecified”;
- Any budgeted costs indicated as contingent costs; and
- Monitoring of project indicators and periodic monitoring reports (these are budgeted under the measurement and evaluation budget and should be reported in a separate line of the project costs).

For more information on the general principles and an indicative list of eligible costs covered under GCF fees and project management costs, see the GCF website.<sup>107</sup>

### **Annex 5: Implementation timetable, including key project/programme milestones**

The project/programme implementation timetable shows the key milestones of the project/programme and should be consistent with the other sections and annexes of the funding proposal, in particular the logical framework and list of activities, and should provide a timeline of different deliverables for each project components. It should contain major milestones across the project implementation period and be clearly established against project activities. A template is provided in the funding proposal form.

### **Annex 6: Environmental and social safeguards disclosure form<sup>108</sup>**

Depending on the environmental and social safeguards (ESS) category, the AE is required to submit the following: an environmental and social impact assessment, an environmental and social management plan, or an environmental and social management system.

The ESS report disclosure form must be submitted along with the appropriate ESS report(s).

The AE may also be requested to submit other documents as deemed necessary by the Secretariat, such as an environmental and social (E&S) audit, an Indigenous peoples plan, and a land acquisition and resettlement action plan.

#### **GUIDANCE ON HOW TO FILL OUT THE FORM:**

##### **1. Preparation**

The AE should engage with GCF through the relevant task team of the project or programme from the Division of Mitigation and Adaptation (DMA) for public sector funding proposals or the Private Sector Facility (PSF) for private sector funding proposals. The task team, in turn, should coordinate internally with the ESS team from the Office of Risk Management and Compliance and the Information Disclosure Policy (IDP) team from the Office of Governance Affairs (OGA).

Prior engagement with the ESS team on the following matters is important:

- a. Confirmation of the ESS category;
- b. Identification of the ESS reports that are equivalent to the environmental and social impact assessment (ESIA) and the environmental and social management plan (ESMP), respectively, in case of category A or B,<sup>109</sup> or the ESS report that is equivalent to the environmental and social management system (ESMS) in case of category I-1 or I-2;
- c. Determination of the consistency of the submitted ESS report with GCF requirements;
- d. Determination of the existence of subproject(s);

<sup>107</sup> See <<https://www.greenclimate.fund/document/general-principles-and-indicative-list-eligible-costs-covered-under-gcf-fees-and-project>>.

<sup>108</sup> See annex I to decision B.07/02 (annex I to document GCF/B.07/11) for a definition of categories A, B and C and intermediation 1, 2 and 3.

<sup>109</sup> An environmental and social management framework applies to programmes that do not require financial intermediation.



- e. Disclosure of ESS reports in locations convenient to affected peoples (or stakeholders); and
- f. Any relevant ESS report(s) that must be disclosed in addition to the core ESS reports mentioned above.

Subject to the foregoing, the IDP team welcomes consultation on draft ESS disclosure forms. The AE is encouraged to refer to examples of previous ESS disclosure reports posted on the GCF website.<sup>110</sup>

## 2. Form

As the form is standard, the AE must not modify it, for example by changing the text or deleting certain fields.

## 3. Project or programme title

The project or programme title provided in the form should be consistent with the title provided in the ESS report(s) and on the website of the AE.

## 4. Subproject

The ESS team determines whether the project or programme has a subproject(s) as defined under the GCF Environmental and Social Policy. A project/programme may have “activities” but no subprojects. This field allows the Secretariat, the Board, active observers and the public to monitor disclosure at the subproject level after GCF Board approval.

## 5. Category

The ESS team confirms the E&S risk category. This should be done before the form is filled out, as the relevant fields to fill out in the form will vary depending on the category.

## 6. Location

This field must include, at a minimum, the country. Specific locations, such as the region or site, should be additionally provided thereafter.

---

<sup>110</sup> See <<https://www.greenclimate.fund/safeguards/environment-social/reports>>.

## ENVIRONMENTAL AND SOCIAL SAFEGUARDS REPORT DISCLOSURE FORM

BASIC PROJECT OR PROGRAMME INFORMATION	
Project or programme title	<input type="text"/>
Existence of subproject(s) to be identified after GCF Board approval	[Yes/No]
Sector (public or private)	Public
AE	<input type="text"/>
ESS category	Category
Location – specific location(s) of project or target country or location(s) of programme	<input type="text"/>
ESIA (IF APPLICABLE)	
Date of disclosure on AE website	Tuesday, January 1, 2019
Language(s) of disclosure	<input type="text"/>
Explanation on language	<input type="text"/>
Link to disclosure	<input type="text"/>
Other link(s)	<input type="text"/>
Remarks	[An ESIA consistent with the requirements for a Category A project is contained in the “_”.]
ESMP (IF APPLICABLE)	
Date of disclosure on AE website	Click here to enter a date.
Language(s) of disclosure	<input type="text"/>
Explanation on language	<input type="text"/>
Link to disclosure	<input type="text"/>
Other link(s)	<input type="text"/>
Remarks	[An ESMP consistent with the requirements for a Category A project is contained in the “_”.]
ESMS (if applicable)	
Date of disclosure on AE website	Tuesday, January 1, 2019
Language(s) of disclosure	<input type="text"/>
Explanation on language	<input type="text"/>
Link to disclosure	<input type="text"/>
Other link(s)	<input type="text"/>

BASIC PROJECT OR PROGRAMME INFORMATION	
Remarks	<input type="text"/>
ANY OTHER RELEVANT ESS REPORTS, E.G. RAP, RPF, IPP, IPP FRAMEWORK (IF APPLICABLE)	
Description of report/disclosure on AE website	Tuesday, January 1, 2019
Language(s) of disclosure	<input type="text"/>
Explanation on language	<input type="text"/>
Link to disclosure	<input type="text"/>
Other link(s)	<input type="text"/>
Remarks	<input type="text"/>
Disclosure in locations convenient to affected peoples (stakeholders)	
Date	Tuesday, January 1, 2019
Place	<input type="text"/>
Date of Board meeting in which the funding proposal is intended to be considered	
Date of AE Board meeting	Wednesday, January 1, 2020
Date of GCF Board meeting	Tuesday, January 1, 2019

*Note: This form was prepared by an AE.*

*Abbreviations:* AE = accredited entity, ESIA = environmental and social impact assessment, ESMP = environmental and social management plan, ESMS = environmental and social management system, ESS = environmental and social safeguards, IPP = Indigenous peoples plan, RAP = resettlement action plan, RPF = resettlement policy framework.

## 7. ESS reports

### a. ESIA and ESMP

Both fields should be filled out in case of category A or B projects/programmes.

If there is only one report containing both the ESIA and the ESMP, such as the ESIA itself (which may also contain the ESMP) or an environmental and social management framework (ESMF) for programmes that do not require financial intermediation, the same entries should be provided in both fields.

### b. ESMS

This field should be filled out in case of category I-1 or I-2 projects/programmes.

## 8. Explanation of language used

The IDP requirement refers to “English and the local language (if not English)”. As English is the default language, its use does not need to be explained, unless English is also the relevant local language, in which case the AE should explain this in the form. The local language is the one understandable to affected peoples, if any, or stakeholders.

In case of multi-country projects/programmes, the ESS report must be made available in at least the official language of each target country (or in the appropriate official language, in cases where there is more than one).

## 9. Remarks under the ESIA and ESMP or under the ESMS

In cases of category A or B projects/programmes, the following remarks should be added: “An ESIA consistent with the requirements for a category [A][B] project is contained in the [insert report title]”, and “An ESMP consistent with the requirements for a category [A][B] project is contained in the [insert report title]”.

In cases of category I-1 or I-2 projects/programmes, the following remarks should be added: “An ESMS consistent with the requirements for a category [I-1][I-2] programme is contained in the [insert report title]”.

Any change to the wording must be confirmed by the ESS team. In cases of category A or I-1 projects/programmes, if the consistency cannot be confirmed by the ESS team before the deadline for disclosure, the entry in the “Remarks” field should state that the determination is pending.

In the “[insert report title]” field, the ESS team should determine the document that constitutes the ESIA and ESMP, or the ESMS.

## 10. URLs

Ideally, the URL should only provide the link to the ESS report that is required to be disclosed, preferably a link per disclosure language. This will obviate the need for the Board, active observers and the public to search for the relevant link in a web page containing many other links or projects/programmes.

Generic URLs (e.g. project web pages or general ESS or disclosure web portals that are not specific to the ESS report involved) may be added in the “Other link(s)” field. Generic links serve as a back-up in case the links to the ESIA and ESMP, or the ESMS, do not work and provide broader background information for the Board, active observers and the public.

The URL should be kept active following Board approval. If this is not possible, the AE should provide the new URL to GCF.

### 11. Disclosure in locations convenient to affected peoples (stakeholders)

This relates to the disclosure of ESS reports in locations other than on the website of the AE. Ideally, it should cover physical locations where the reports could be conveniently accessed by the affected peoples, such as the project site, a town hall, government agency offices, AE headquarters or branches, as the AE deems appropriate, especially to cater to those without access to the Internet, a computer, or a power source. The ESS team can help to determine the appropriateness of such locations because they conduct a substantive review of the ESS reports.

### 12. Additional ESS reports

The AE must disclose relevant ESS reports other than the core ESS reports (i.e. the ESIA and ESMP or ESMS). These may include: a resettlement action plan (RAP), a resettlement policy framework (RPF), an Indigenous people plan (IPP), or an Indigenous peoples planning framework (IPPF). The ESS team determines whether and which other ESS reports need to be disclosed.

To avoid confusion, such other ESS reports should ideally be assigned a separate URL.

### 13. AE or GCF Board meeting

The AE should ensure that the disclosure requirements have been met at least 120 calendar days (for Category A or I-1 projects/programmes) or 30 calendar days (for Category B or I-2 projects/programmes) from the decision of the board of the AE or the GCF Board, whichever occurs first. In case of GCF, the period is counted from the first day of the GCF Board meeting.

The Secretariat IDP team welcomes early consultation on draft forms. Any substantive changes to the entries made in draft forms should be carried out or confirmed by the AE. The focal point from DMA or PSF shall submit the final version to the IDP team, which can then make any editorial changes.

The IDP team prepares the transmittal message and sends out the forms to the Board (signed by the Secretary to the Board, OGA) and active observers (signed by the Observer Liaison Specialist, OGA). The form is published on the GCF website as an annex to the funding proposal upon submission to the Board and publication on the GCF website of the relevant funding proposal; the stand-alone form is also published on the GCF website.<sup>111</sup>

## Annex 7: Summary of consultations and stakeholder engagement plan

Stakeholder consultations are a key part of the project/programme appraisal process. The funding proposal should enable reviewers to understand how the relevant stakeholders have engaged in the project/programme design, and how consultations will be carried out during the implementation phase.

As part of the stakeholder consultation process, a stakeholder mapping should be undertaken, where relevant stakeholders are identified, along with a description

<sup>111</sup> See <<https://www.greenclimate.fund/safeguards/environment-social/reports>>.

---

of the kind and extent of consultations that have taken place to date, as well as the future consultations that will be conducted (see **Table 33** as an example). Projects/programmes should demonstrate relevant stakeholder consultation, with particular attention to vulnerable groups within civil society, as outlined in the GCF initial investment framework.

A detailed consultation process should be well thought out and established at the early stages of the appraisal process. It should involve direct beneficiaries and other relevant players (e.g. local government units, civil society organizations, the private sector, academia). An annex that details how those inputs have been captured and featured to the extent possible in the design of the project/programme should be included in annex 7 to the funding proposal.

The consultation and related reports should provide details of how men and women representatives and Indigenous peoples groups meaningfully participated in the discussions.

This type of analysis aims to identify all the people and organizations involved in or potentially affected by the project. First, a stakeholder's list containing key relevant stakeholders and a stakeholder needs matrix should be prepared to determine the expectations of the interested parties. It should also specify a method for managing expectations. Stakeholder consultations could also be undertaken as part of the no-objection procedure to be issued by the relevant NDA/focal point of the country where the project will be implemented. Stakeholder consultations are particularly important to the environmental and social, gender and Indigenous peoples safeguards (see **Box 18** for further information). Further guidance on meaningful stakeholder engagement is provided in the GCF guidance note on designing and ensuring meaningful stakeholder engagement on GCF-financed projects.<sup>112</sup>

This process should be described in section D.5 of the funding proposal template, titled "Country ownership", including the consultation process and feedback received from civil society organizations and other relevant stakeholders. For more information on the stakeholder consultation process, see the GCF initial best practice options for country coordination and multi-stakeholder engagement.<sup>113</sup>

---

<sup>112</sup> The guidance note is available at <<https://www.greenclimate.fund/document/sustainability-guidance-note-designing-and-ensuring-meaningful-stakeholder-engagement-gcf>>.

<sup>113</sup> Available at <<https://www.greenclimate.fund/sites/default/files/document/gcf-b06-07.pdf>> (see section IV).

**BOX 19. THE IMPORTANCE OF ROBUST STAKEHOLDER CONSULTATIONS**

The GCF IRM addresses complaints from people who believe that they have been adversely affected by, or may be affected by, projects or programmes funded by GCF.<sup>a</sup> The AE is required, as a condition of funding stipulated in the accreditation master agreement, to also establish a grievance redress mechanism to address complaints from people affected by the project or programme.

Ensuring adequate consultation with people involved in, or potentially affected by, a project/programme at the early stages of the design phase is critical to ensuring that any potential grievances are addressed early on and do not become more significant issues which are later reported to the IRM or the grievance mechanism of the AE. A 2012 study by the Office of the Compliance Advisor Ombudsman for the International Finance Corporation and Multilateral Investment Guarantee Agency examined 262 complaints from 72 countries. The study found that the most common issues raised in complaints were: (i) project due diligence and supervision efforts; (ii) consultation and disclosure practices; and (iii) adverse socioeconomic impact on people and the environment.

Abbreviations: AE = accredited entity, IRM = Independent Redress Mechanism.

<sup>a</sup> See <<https://www.greenclimate.fund/what-we-do/projects-programmes>>.

An example of a stakeholder analysis and engagement plan from a GCF-approved project is provided in table 33.

**TABLE 33. EXAMPLE OF A STAKEHOLDER ANALYSIS AND ENGAGEMENT PLAN FROM A GCF-APPROVED PROJECT (UNITED NATIONS ENVIRONMENT PROGRAMME SIMPLIFIED APPROVAL PROCESS FUNDING PROPOSAL FP005 FOR IMPLEMENTATION IN BENIN (EXTRACTED VERSION OF THE ORIGINAL TABLE))**

STAKEHOLDER GROUP	INTERESTS AND INFLUENCE RELEVANT TO THE PROJECT	PROPOSED ROLE IN THE PROJECT	ENGAGEMENT STRATEGY
Smallholder communities	Smallholders have been identified as extremely vulnerable to climate change impacts. They receive limited training and support to develop climate-resilient livelihoods. As a result of climate change impacts and unsustainable management practices, the productivity of forests and agricultural lands is decreasing. This group therefore has a great interest in accessing knowledge and technologies to foster resilient livelihoods in the context of climate change	Direct beneficiaries of the proposed project. They will also contribute to the design of climate-resilient agricultural interventions that are suited to their environmental and socioeconomic conditions. Smallholders will also be part of community forest management committees and contribute to forest restoration activities and sustainable management of natural resources	Engagement ensured through: (i) surveys to identify relevant adaptation technologies; (ii) consultations to develop/revise forest management plans, including forest permit sale systems; (iii) establishment and training of community forest management committees to enforce forest management plans; (iv) training and access to farming tools and seeds; (v) organized visits to demonstration fields; and (vi) awareness-raising campaigns on the benefits of restored forests and sustainable management practices

STAKEHOLDER GROUP	INTERESTS AND INFLUENCE RELEVANT TO THE PROJECT	PROPOSED ROLE IN THE PROJECT	ENGAGEMENT STRATEGY
Pastoralists	There is limited control of grazing activities in and around protected forests in Benin. Grazing corridors are often not well defined, and control of grazing activities not enforced. In addition, pastoralists have not been involved in the design of forest management plans that respond to their needs	Direct beneficiaries. Participation in the design of forest management plans that include grazing corridors with water points, fodder and salt licks for livestock	Engagement ensured through consultations when developing or reviewing forest management plans and permit sale systems in the selected forest areas. Regular consultations will be held during the project to ensure that the revised forest management plans with grazing corridors respond to herders' needs, or to make the necessary adjustments
Chiefs of farmers' groups, traditional chiefs, heads of women's associations, etc.	Provide a voice for their group or for the community. Their interest is aligned with the project's outcomes to improve livelihoods under climate change	Mobilization of project beneficiaries around the project's interventions and trust-building	Ensure engagement through early involvement to refine project interventions in each site, and consultations on a regular basis before and during implementation of project activities
Official local authorities (e.g. mayors, district chiefs)	Local authorities in the selected municipalities have been consulted during the preparation of this proposal. They can influence land and forest management interventions and benefit from development activities in their areas	Direct and indirect beneficiaries. Local authorities will collaborate with local forest wardens to implement forest management plans	Engagement ensured through: (i) participation in awareness-raising campaigns; (ii) consultation on the design of forest management plans and, in some areas, implementation of the forest management plans; (iii) technical support and staff training provided to local extension services; and (iv) representation in the project steering committee
Local non-governmental organizations	Interest in project activities that promote local development and increase community well-being. Many local non-governmental organizations work on agricultural issues and are well-known and trusted by the local communities	Execution of specific climate-resilient agricultural interventions (to be decided at project onset for each site) and training/awareness-raising campaigns for communities	Consultations when developing and implementing climate-resilient agricultural interventions and designing/ implementing awareness-raising campaigns
Ministry of Environment (MCVDD) – Forestry Department (DG EFC)	MCVDD and DG EFC (directorate under MCVDD) have a critical interest in the proposed project. MCVDD is the lead ministry for all climate change related issues; under this ministry, DG EFC is responsible for the sustainable management of natural resources	Chair of the project steering committee; execution of project activities, in particular those related to reforestation. National and local staff members of the ministry will also receive training on climate change adaptation	Engagement ensured through participation in daily project management and in the project steering committee; beneficiaries of training sessions



STAKEHOLDER GROUP	INTERESTS AND INFLUENCE RELEVANT TO THE PROJECT	PROPOSED ROLE IN THE PROJECT	ENGAGEMENT STRATEGY
Private sector	Interest in promoting the development of Beninese companies	The Benin Chamber of Trade and Industry will help to identify relevant national and local companies that buy cash crops and non-timber forest products from farmers and farmers' cooperatives in the project's target sites	Consultations to identify national and local companies during year 2 of the proposed project

**Annex 7** should include a list of all stakeholder consultations undertaken as part of the project appraisal. Detailed information and evidence should be included on how the AE engaged with civil society organizations and other relevant stakeholders, including Indigenous peoples, women and other vulnerable groups, not only during project design and development, but also in decision-making during the implementation phase.

### Annex 8: Gender assessment and project-/ programme-level action plan

The gender assessment and action plan is a mandatory annex that needs to be prepared and submitted as part of the funding proposal package. For information on how to fill in the necessary template, please refer to the gender analysis/assessment and gender and social inclusion action plan templates, which are available on the GCF website.<sup>114</sup>

A gender manual has also been prepared to provide detailed guidance on how to mainstream the gender considerations into GCF projects and programmes. The manual addresses the potential of GCF to mainstream gender into climate finance, building on its mandate to support a paradigm shift towards low-emission and climate-resilient development. Developed with UN Women, the manual guides AEs on how to include women, girls, men and boys from socially excluded and vulnerable communities in all aspects of climate finance.<sup>115</sup>

Examples of gender assessments and action plans of previously approved projects are available on the GCF website.<sup>116</sup>

### Annex 9: Legal due diligence (regulation, taxation and insurance)

This annex is a mandatory annex and should provide summary information on the legal due diligence conducted by the AE using the template form of **Annex 9** available on the GCF website. If the AE has prepared a due diligence report, the report may be attached as **Annex 9** provided that it addresses the requirements set out below.

It is essential that the proposed project/programme implementation arrangements and structure should be consistent with the GCF business model, as described in the AMA.

The AE is responsible for conducting all necessary first-level due diligence in relation to the funding proposal. Legal due diligence is one of the due diligence tasks that the AE must conduct. The AMA entered into with the AE sets out the obligations of the AE in

<sup>114</sup> Available at <<https://www.greenclimate.fund/document/gender-assessment-and-action-plan-annex-8-funding-proposals>>.

<sup>115</sup> See <<https://www.greenclimate.fund/document/mainstreaming-gender-green-climate-fund-projects>>.

<sup>116</sup> See <<https://www.greenclimate.fund/projects/gender>>.

---

relation to due diligence and compliance with applicable laws and regulations (please refer to Clause 4.05(b) of the template AMA).

Depending on the proposed project/programme, the scope of legal due diligence will vary. Legal due diligence should cover at a minimum, among other elements, the following areas:

- An overview of the main laws and regulations, including any international treaties and conventions that will apply in the implementation of the project/programme, and how the AE or other third parties involved in such implementation (e.g. executing entities (EEs)) will comply with them – please refer to the section on *“Legal details of the project/programme structure and financing structure”* below for further details;
- An overview of any government, regulatory or corporate approvals, licenses or permits, including land rights, required for implementing and operating the project/programme, the relevant issuing authority and the date of issuance or expected date of issuance;
- Tax implications, including any applicable taxes on the expenditures to be financed with GCF resources and/or, depending on the type of financial instrument, the financial reflows to be received by the AE or EE from the downstream recipients and ultimately transferred to GCF (or any exemptions therefrom);
- Foreign exchange regulations and currency conversion arrangements related to the project/programme, including all documentation required in order for a payment to be made by and/or to the GCF – please refer to the section on *“Relevant tax and foreign exchange implications”* below for further details;
- Any insurance requirements to be obtained by the AE, EE or other involved parties for the implementation of activities; and
- The treatment and ownership of any immovable assets that are financed by the project. This must be consistent with the exit strategy outlined in the FP.

This and other information on the above matters should be described in both **Annex 9** and in section B.4 (Implementation arrangements) of the Funding Proposal template, which requires the AE to explain the regulatory framework/requirements and implementation arrangements.

#### LEGAL DETAILS OF THE PROJECT/PROGRAMME STRUCTURE AND FINANCING STRUCTURE

If applicable, the details of the legal structure (other than the contractual arrangements) that will be used for the implementation of the project/programme should be analysed and presented in both **Annex 9** and section B.4 (Implementation arrangements) of the Funding Proposal template. In particular, this section should outline whether any new entities are to be established and the incorporation, regulatory and licensing requirements.

For example, for projects/programmes involving the creation of an investment fund or other investment vehicle, the AE should describe the legal nature and implications of the proposed legal structure, as well as the reason for choosing the investment structure, including the background of the chosen jurisdiction of incorporation of the structure, if applicable.

Similarly, for project finance, the legal structure of the project vehicle (e.g. the special purpose vehicle) to be established to carry out the project.

## RELEVANT TAX AND FOREIGN EXCHANGE IMPLICATIONS

Provide details of any applicable taxes (or exemptions therefrom) to services and goods to be purchased with GCF funds, and any tax implications for GCF (e.g. in respect of the transfer of financial reflows from the EE to AE, and from the AE to GCF, as applicable) and the legal measures to be taken to mitigate any foreign exchange risks. In this regard, GCF expects reflows to be transferred by the AE to the GCF are free and clear of any deductions or withholding taxes. Also describe any foreign exchange regulations applicable or licenses/approvals needed by the AE or EE in the relevant jurisdiction to receive, manage and/or transfer GCF resources in the same GCF Holding Currency selected for the project/programme. To the extent that any specific documentation is required in order for a payment to be made from or to the GCF (e.g. any certificates of residency, licenses or other approvals or exemptions), this must be listed in **Annex 9**.

Once the project/programme is approved by the GCF Board, GCF cannot disburse additional funds, other than the approved funding amount, to the AE. Therefore, in case there are any applicable taxes, such amount must be budgeted in the project/programme and indicated as applicable taxes in the relevant documents (including the budget to be submitted to the GCF).

### Annex 10: Procurement plan

The procurement plan should provide details on how the procurement requirements for the project/programme will be managed, including the norms and guidelines to be followed during project implementation. Distinguish between procurement categories and the method applicable. This annex should be submitted following the template provided.

### Annex 11: Monitoring and evaluation plans

This annex should provide the monitoring and evaluation arrangements for the proposed project/programme. The budget allocation indicated in the template shall form part of the total financing for the proposed project/programme. This annex should be submitted following the template provided on the GCF website.

### Annex 12: Accredited entity fee request

The AE fee request provides a computation of the fee that the AE is requesting for the management of the project/programme. This should be submitted using the AE fees budget template provided on the GCF website.

**Table 34** sets out the fees structure for AEs for public sector grants for projects/programmes and project/programme preparation under the Project Preparation Facility and for delivery partners for grants under the Readiness and Preparatory Support Programme, including for national adaptation plans and other adaptation planning processes. The percentages shown in **Table 34** also represent the maximum fees for the size categories for public sector grant projects, and Project Preparation Facility and readiness grants. Fees for private sector projects/programmes and fees for non-grant public sector projects/programmes will be negotiated on a case-by-case basis, as required.

**TABLE 34. FEES STRUCTURE FOR ACCREDITED ENTITIES<sup>a</sup>**

SIZE	FEE CAP PERCENTAGE (%) OF GCF FUNDING
Micro (<USD 10 million)	Up to 8.5%
Small (USD 10–50 million)	Up to 7%
Medium (USD 50–250 million)	Up to 5%
Large (>USD 250 million)	Up to 4%

<sup>a</sup> Please refer to annex II to document GCF/B.19/29, titled “Policy on fees for accredited entities and delivery partners”, for further details.

A separate budget for AE fees and for the project cost components should be attached to the funding proposal in the GCF template format. The following costs can be covered by AE fees:<sup>117</sup>

- Project or programme oversight, management, supervision and implementation;
- Project or programme completion and evaluations;
- Reporting; and
- Other activities as stipulated in the AMA or funded activity agreement.

The following list details the elements that constitute project oversight, management and supervision, and implementation:

- Appraise and finalize project implementation arrangements, including mission travel;
- Assist and advise the project proponent on the establishment of the project management structure in the recipient country(ies);
- Assist the project management team to draft terms of reference and advise on the selection of experts for implementation;
- Advise on and participate in project start-up workshops;
- Conduct at least one supervision mission per year, including a briefing for operational focal points on project progress;
- Provide technical guidance, as necessary, for project implementation;
- Include technical consultants during supervision missions to advise government officials on technical matters and provide technical assistance for the project, as needed;
- Oversee procurement and financial management to ensure that implementation is in line with the policies and timelines of the AEs or the delivery partners for readiness and preparatory support;
- Disburse funds to the EEs/vendors (as applicable) and review financial reports;
- Assist/oversee the audit process throughout the project lifecycle;
- Oversee the preparation of the required reports for submission to the Secretariat;
- Monitor and review project expenditure reports;

<sup>117</sup> For the AE fees structure, see annex II to document GCF/B.19/29 titled “Policy on fees for accredited entities and delivery partners”.

- Prepare periodic revisions to reflect changes in annual expense category budgets; and
- Undertake a midterm review, including possible project restructuring.

More information on the principles for AE fees can be found on the GCF website.<sup>118</sup>

### Annex 13: Co-financing commitment letter (if applicable)

A co-financing commitment letter should include the total amount (if expressed in local currency, together with its USD equivalent) of co-financing approved and committed and its financial instrument (e.g. grant, loan), as well as a brief description of the project activities that will be supported by the indicated co-financing institution. It is important that the amount indicated matches the information in section C ("Financing information") and that there is an indication of compatibility with the time frame of implementation proposed for the intervention by the co-financing institution.

### Annex 14: Term sheet

One of the key documents to be concluded between the AE and the Secretariat is the term sheet. All funding proposals submitted to the Board for consideration shall be accompanied by a term sheet agreed to by GCF and the AE. For the term sheet, the Secretariat encourages the AE to specify the terms on which it is proposing GCF financing. These terms can include clauses pertaining to: disbursement-related conditions, covenants, rights of GCF vis-à-vis co-financiers, seniority/subordination of GCF vis-à-vis other co-financiers, repayment terms, and technical and financial criteria to be applied by the AE while selecting the recipients of GCF resources, among others.

The term sheet should include key information from the funding proposal, such as implementation and disbursement schedules, project budget, repayment schedule, and key financial terms and conditions, applicable to the financial instruments to be used by: (i) GCF to provide its funds to the AE; and (ii) between the AE, the EE(s) and final recipients for the downstream investment of the GCF proceeds in a manner consistent with the funding proposal, as well as other project-specific information.

## H.2. OTHER ANNEXES, AS APPLICABLE

### Annex 15: Certificate of internal approval

Pursuant to the GCF project cycle and clause 4.13 of the template AMA, the AE needs to submit to GCF a certificate or legal opinion confirming that (i) all final internal approvals needed by it to implement the proposed project/programme have been obtained, and (ii) it has the capacity and authority to implement the proposed project/programme. A template for the provision of the certificate or legal opinion for confirmation of the AE's internal approvals is provided on the GCF website.<sup>119</sup> This internal approval may be adopted by a decision or resolution of the AE's board, executive director or other decision-making body, in accordance with the AE's own rules and procedures.

<sup>118</sup> See <<https://www.greenclimate.fund/document/general-principles-and-indicative-list-eligible-costs-covered-under-gcf-fees-and-project>>.

<sup>119</sup> See <[https://www.greenclimate.fund/how-we-work/funding-projects/fine-print#p\\_id\\_56\\_instance\\_4CvAHaIYKHcJ](https://www.greenclimate.fund/how-we-work/funding-projects/fine-print#p_id_56_instance_4CvAHaIYKHcJ)>.

---

## Annex 16: Map(s) indicating the location of proposed interventions

Maps indicating the location of the proposed intervention(s) should be provided. Please note that these should be specific to project locations, and not locations of country or region.

The geographical areas in which the project/programme will be implemented should be carefully considered and well defined, and linkages should be made with the specific climate conditions of the project/programme site. Justifications should be provided as to why certain regions have been selected and how they have been identified. This information should be drawn from the feasibility studies undertaken as part of the technical assessment. Some of the supporting tools that could be used to undertake the scoping exercise include vulnerability assessments, mappings, national GHG inventories or national communication plans under the United Nations Framework Convention on Climate Change.<sup>120</sup>

## Annex 17: Multi-country project/programme information

This should be submitted following the template provided for proposals targeting multiple countries. Based on the template provided, this annex provides disaggregated information at the country level on requested data in the funding proposal, such as number of beneficiaries by country and financing amounts by country.

## Annex 18: Appraisal, due diligence or evaluation report for proposals based on scaling up or replicating a pilot project

Funding proposals must include an appraisal of the project. The AEs are responsible for that appraisal, which is also referred to as the first-level due diligence. The AE must use its own policies and procedures when preparing and conducting appraisals. For instance, the AE must carry out due diligence on certain aspects, including but not limited to:

- The technical, engineering, economic, financial, risk, legal and commercial viability of the proposed activities;
- Compliance with GCF standards to the extent and scope of its accreditation;
- Developmental, climate change mitigation and/or adaptation impacts;
- Administrative and regulatory requirements; and/or
- Any business or company searches to ascertain the solvency or financial health of the executing entity and other recipients/beneficiaries of the funding.

If the proposed project is aiming to scale up activities previously funded by another climate fund (e.g. the Global Environment Facility, the Adaptation Fund, or any of the Climate Investment Funds), the project's midterm or final evaluation reports should be attached.

Those reports need to demonstrate how successful the prior project or activity has been, the lessons learned, and how those lessons will be incorporated in the proposed project activities. In such cases, the prior project's midterm or final evaluation reports can provide highly useful and relevant information.

---

<sup>120</sup> Acclimatise and Climate and Development Knowledge Network. 2017. Green Climate Fund Proposal Toolkit 2017: Toolkit to Develop a Project Proposal for the GCF, table 3, "Existing supporting tools for undertaking a scoping analysis for a climate change project". Available at <<https://cdkn.org/wp-content/uploads/2017/06/GCF-project-development-manual.pdf>>.

### **Annex 19: Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the accredited entity**

Please provide here any information on the procurement procedures or processes to be applied when procurement is being conducted by third parties or EEs.

### **Annex 20: First-level anti-money-laundering and countering the financing of terrorism risk assessment**

Applying its own anti-money-laundering and countering the financing of terrorism policies and procedures that are substantially consistent with those of GCF, the AE is requested to provide a baseline assessment of the money-laundering/financing of terrorism risks or challenges that may occur or could apply to the proposed activities, such as risks related to the counterparties of the AE (e.g. delivery partners, beneficiaries), including any sanctions history, the services or products provided, and logistical/implementation/financial flow issues. The AE shall also provide information on how it plans to address or mitigate and continuously monitor any unique risks. A template for this annex is currently under preparation and will be included in the online template web link.

### **Annex 21: Operations manual (operation and maintenance)**

The proposed operation and maintenance plan for the proposed project activities should be included in annex 21. The information provided here should match the information provided in section B.6 (titled “Exit strategy and sustainability”) and provide details on how the long-term sustainability of the proposed equipment will be ensured. It is encouraged that local beneficiaries or the EE are responsible for the operation and maintenance of the project.

### **Annex 22: GHG emissions reduction**

This annex consists of two parts. The first part is a methodological note, where the AE describes the selection of the methodology for calculation of GHG emission reductions or the project specific methodology applied, the analysis of the climate additionality, project boundary and emission sources, baseline analysis, and formulae for calculation of the GHG emission reductions. This part of the annex shall contain all the relevant assumptions, default values applied and data sources. The second part of the annex consists of an MS Excel sheet that provides that actual calculations of the emission reductions. This annex is mandatory for all mitigation and cross-cutting projects/programmes.

### **Annex 23: Other references**

Please include any other information that is considered to be of relevance to the proposed project/programme.

---

# ANNEXES

---



# ANNEX I: INDEPENDENT TECHNICAL ADVISORY PANEL LESSONS LEARNED FOR PROJECT CONSIDERATION

## Lessons learned from the independent Technical Advisory Panel review

During GCF Board meetings, the independent Technical Advisory Panel (TAP) holds a series of workshops for accredited entities (AEs), which are aimed at sharing lessons learned and experiences from the technical review of funding proposals. Such workshops are coordinated by the GCF Secretariat and are recorded and published on the GCF website. To date, workshops have been held in the areas of, for example, climate impact, greenhouse gas calculations and the water sector.

The independent TAP and the Secretariat, in their interaction with AEs during the second-level due diligence review of project and programme proposals, provide technical advice on the elements that would make projects viable. This advice can be provided in the form of an improvement list that sets out good practices contributing to project sustainability, avoiding maladaptation, and promoting the goals of GCF as expressed in the GCF investment criteria. Examples of the technical improvements requested by the independent TAP at the TAP review stage include the following:

**TABLE A1. TECHNICAL IMPROVEMENTS REQUESTED BY THE INDEPENDENT TAP**

For all projects	<p>Recommendation on what should be provided in the funding proposal</p> <ul style="list-style-type: none"> <li>• Good climate rationale of the project, based on a scientific evidence basis</li> <li>• Project sustainability in terms of operation and maintenance</li> <li>• Clear exit strategies, where relevant</li> <li>• Economic and financial analysis for activities that generate income</li> <li>• Knowledge-sharing, communication and dissemination of information to improve paradigm shift potential</li> <li>• If components of the project are considered crucial in the fulfilment of the nationally determined contributions, national adaptation plans or the government's action plan, it may be necessary to ensure an increase in the executing capacities of governmental structures as part of the interventions</li> </ul>
<b>Results areas</b>	<b>Technical recommendations</b>
Reduced emissions through increased low-emission energy access and power generation	Where feasible, it is useful to promote the enabling environment for solar energy penetration, including promoting training facilities for technicians and promoters; value chain schemes that promote small- and medium-sized enterprises capable of selling, maintaining and repairing systems; market and awareness schemes to promote the use of solar systems by communities; and knowledge-sharing schemes within the financial community to increase the knowledge of investment analysts on solar energy
Reduced emissions from buildings, cities, industries and appliances	Projects involving public sector buildings that lie within multiple jurisdictions reflecting the complex administrative and political structure of the government require extensive and complex coordination to ensure that the project will succeed

Reduced emissions from land use, deforestation and forest degradation, and through sustainable forest management and conservation and enhancement of forest carbon stocks	Projects related to wood use, such as those involving cooking using fuelwood, should promote, where feasible, diversification of forest species and relevant ecosystem services and the emissions monitoring system for sustainable regenerative forest management
Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions	<p>Projects that support livelihoods of urban and rural communities in adapting to climate change and build their resilience. These interventions should be designed based on vulnerability and risk assessments and could also support local government capacity-building</p> <p>For example, these projects could be disaster risk reduction interventions aimed at increasing the resilience of households and communities to climate-related hazards (e.g. typhoons, droughts, floods). These actions directly support livelihoods, increasing the capacity of households and communities to prevent and mitigate disaster-related damage and enhance their economic and social conditions</p>
Increased resilience of health and well-being, and food and water security	Projects that increase the amount of water that will be used at the domestic, commercial and industrial levels imply the generation of an increased volume of wastewater that without proper treatment and disposal could generate a significant negative impact on the health of the population and on the environment by contaminating surface water and aquifers. Addressing this by implementing a sewerage system and waterproof pits would be useful. In addition, the health benefits of projects can be improved by implementing sanitation systems (sewerage infrastructure) and a hygiene awareness and training programme simultaneously with water provision
Increased resilience of infrastructure and the built environment to climate change threats	<p>For investments regarding resilient infrastructure, provisions should be made to cover operation and maintenance expenses beyond the project implementation period</p> <p>In these types of projects, it is relevant to highlight the incrementality provided by the additional features that make the infrastructure climate-proof. For example, if the project invests in a road system which, given the climate projections, needs to be elevated to avoid the risk of floods, the feasibility study needs to highlight climate-related improvements of this type that justify the use of GCF finance</p>
Improved resilience of ecosystems and ecosystem services	Projects involving groundwater pumping should maintain the balance of the water tables of the respective aquifers at positive or neutral levels throughout the expected project lifespan of the water-pumping activities to prevent maladaptation

## ANNEX II: SCOPE OF WORK OF THE CLIMATE INVESTMENT COMMITTEE

TABLE A2. OVERVIEW OF CIC DISCUSSIONS

	MAIN QUESTION	EXPECTED INPUTS FROM TEAMS/DIVISIONS	EXPECTED OUTPUTS FROM CIC
<b>CIC1</b>	Will this CP or EWP lead to a pipeline of high-impact projects for GCF?	<b>CPs and EWPs</b> , with a focus on: <ul style="list-style-type: none"> <li>• Impact potential</li> <li>• Paradigm shift potential</li> <li>• Country ownership</li> <li>• Opportunity to promote complementarity and coherence</li> </ul>	CIC decides whether to: <ul style="list-style-type: none"> <li>• <b>Endorse</b> CPs and EWPs, including pipelines, for further development into CNs and funding proposals; or</li> <li>• <b>Return</b> them to NDAs and AEs for revision and a possibility of <b>resubmission</b></li> </ul>
<b>CIC2</b>	Does this proposed project or programme have the potential to fully meet GCF investment criteria?	<b>CNs and funding proposals</b> , with a focus on: <ul style="list-style-type: none"> <li>• Project description<sup>121</sup></li> <li>• Theory of change<sup>122</sup></li> <li>• Preliminary assessment of investment criteria<sup>123</sup></li> <li>• Impact potential,<sup>124</sup> including additionality</li> <li>• Paradigm shift potential, including sustainability and scalability</li> <li>• Country ownership<sup>125</sup></li> <li>• Fit with GCF portfolio-level goals<sup>126</sup></li> <li>• Strengths and weaknesses</li> </ul>	CIC decides whether to: <ul style="list-style-type: none"> <li>• Endorse the proposal for further development of the funding proposal;</li> <li>• Recommend for further refinement or improvement, including PPF;</li> <li>• Reject the CN; or</li> <li>• Return the funding proposal to the AE for revision and a possibility of resubmission</li> <li>• CIC provides guidance on issues that need to be addressed before CIC3</li> </ul>

<sup>121</sup> Including the objective, activities, sources and uses of funds, the accredited entity, the GCF funding amount, co-financing, and the preliminary environmental and social safeguards category

<sup>122</sup> In the current concept note template, a theory of change is optional. Therefore, it may not be possible to include this for every proposal until the template has been changed.

<sup>123</sup> An investment criteria scorecard should be used for full funding proposals. Team ratings should be used for concept notes if insufficient data exist to populate the investment criteria scorecard.

<sup>124</sup> For mitigation, this includes an estimate of the tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) and methodology used, the emissions baseline and the identification of sources of emission reductions. For adaptation, it includes the number of beneficiaries, the identification of current or future climate impacts and the anticipated adaptation benefit streams.

<sup>125</sup> Including alignment with the national climate change strategy, coherence with existing policies, the capacity of the accredited entity/executing entity to deliver, and stakeholder consultations and engagement.

<sup>126</sup> Including complementarity and coherence.

	MAIN QUESTION	EXPECTED INPUTS FROM TEAMS/DIVISIONS	EXPECTED OUTPUTS FROM CIC
CIC3	Is this funding proposal ready for review by the independent TAP and approval by the Board?	<p><b>Funding proposals</b>, with a focus on a memo/ presentation prepared by the project team seeking a CIC decision that includes:</p> <ul style="list-style-type: none"> <li>• Comments from CIC2 and how they have been addressed</li> <li>• Pricing and fees, including grant equivalence, based on an advanced draft of the term sheet<sup>127</sup></li> <li>• Evaluation against investment criteria, based on the draft assessment by the Secretariat and the Investment Criteria Scorecard</li> </ul> <p><b>ORMC</b>: conducts an independent appraisal assessment including an assessment of sectors, risk, sustainability, compliance and project policy review</p>	<p>CIC decides whether to:</p> <ul style="list-style-type: none"> <li>• <b>Approve</b> the financial terms and conditions for inclusion in the term sheet;</li> <li>• <b>Endorse</b> the final funding proposal package, including the advanced draft of the term sheet and the interim draft of the assessment by the Secretariat, to be presented to the Board; and</li> <li>• <b>Endorse</b> the funding proposal to proceed to the independent TAP; or</li> <li>• <b>Return</b> the funding proposal to the AE for revision and <b>resubmission</b></li> </ul>

*Abbreviations:* AE = accredited entity, CIC = Climate Investment Committee, CN = concept note, CP = country programme, EWP = entity work programme, NDA = national designated authority, ORMC = Office of Risk Management and Compliance, PPF = Project Preparation Facility, TAP = Technical Advisory Panel.

<sup>127</sup> "Advanced draft" includes the financial terms and conditions (e.g. the instrument, interest rate, tenor, grace period, commitment fee, service charge, accredited entity fee and project management cost), eligibility criteria, disbursement plan, and any available conditions and covenants. While it is understood that the term sheet will still be under negotiation, any subsequent changes to the term sheet that result in the equivalent of a "major change" under the Policy on Restructuring and Cancellation would need to be resubmitted to CIC for approval.

## ANNEX III: INVESTMENT CRITERIA SCORECARD AND PROJECT SUCCESS RATING

### Investment Criteria Scorecard

To improve the consistency and objectivity of assessing funding proposals, the Secretariat has developed the Investment Criteria Scorecard (ICS), a tool to assess funding proposals against the GCF investment criteria.

The **ICS tool** is designed to help the Secretariat to appraise funding proposals more objectively against the six GCF investment criteria, thus informing and supporting the improvement of projects and programmes under review. This tool builds on the investment criteria indicators and sub-indicators that have been previously adopted by the Board<sup>128</sup>. The ICS tool does not stipulate any minimum score that a funding proposal should achieve for the Secretariat to recommend it for Board approval.

The aim of the ICS tool is to:

- Improve the transparency, discipline and objectivity of the funding proposal appraisal process in line with the request of the Board for **high-quality proposals**; and
- Use the tool for internal review purposes to **complement and support** decision-making.

The ICS tool is designed in Excel format and provides a score for funding proposals for each of the six investment criteria based on guidance from the Board and information presented in the funding proposal by the accredited entities. The tool also embeds market intelligence on climate finance projects and macro data, such as annual national CO<sub>2</sub> emissions, and considers such information when calculating the score. The approach of the scorecard is to make the user answer a list of objective questions to assess the funding proposal based on each of the six investment criteria.

The ICS tool is part of an established framework to support GCF operations and enable GCF to maximize its impacts through high-quality funding proposals. The output of the ICS tool is not the selection or rejection of the proposal but is instead to be considered by CIC as one of the inputs in its decision-making.

**Elements of the ICS tool and scoring process.** There are two main components in the ICS tool: (i) indicators that allow for the objective assessment of the funding proposal at a subcriteria level; and (ii) a mechanism to determine a score for each of the criteria based on the user's input to the questions on the relevant subcriteria by:

- Using, as a starting point, the investment criteria and subcriteria specified in the GCF **investment framework, and the investment criteria indicators** approved by the Board; and
- Converting the user's responses into a score, **ranging from 1 to 5**, for each of the subcriteria and determining a total score for each of the six criteria.

<sup>128</sup> Board decision B.22/15

The user can respond to the objective questions in the scorecard based on **information available** in the funding proposal package. The ICS tool provides for the application of the **judgment and expert opinion** of the users to determine the score. It provides a separate score for each criterion and does not rank any criterion above another. CIC will consider the score for each criterion in its decision-making.

### Project success rating

In response to the Board's guidance to develop risk rating methodologies, the Secretariat presented a risk rating approach to the Board at its seventeenth meeting,<sup>129</sup> which included the development of a project success rating (PSR) and credit risk rating (CRR). The CRR will be applied only to funding proposals requesting loan financing from GCF, while the PSR will be applied to all funding proposals.

Considering the focus of GCF on achieving climate impact, the rating model to be adopted by GCF should calculate the likelihood of the project/programme achieving the intended climate impact. Accordingly, the Secretariat is currently in the process of developing the PSR scorecard. The PSR scorecard is expected to calculate the probability of achieving the intended climate impact as estimated by the accredited entity in the funding proposal. It will take into account the information provided in the funding proposal package and will consider, among others, factors related to the accredited entity/executing entity, as well as project-specific and county-related aspects. The PSR scorecard is expected to be finalized by June 2020.

The rating models can provide a score for funding proposals but will not specify any minimum score that a funding proposal must attain for approval. Similarly, to the output of the ICS tool, the output of the PSR scorecard will be considered by CIC as one of the inputs in its decision-making.

---

<sup>129</sup> Annex VI to document GCF/B.17/12 titled "GCF risk management framework: Risk Management Committee proposal".

## ANNEX IV: GUIDANCE ON THE APPLICATION OF THE PERFORMANCE MEASUREMENT FRAMEWORKS INDICATORS AS PART OF THE DEVELOPMENT OF THE LOGICAL FRAMEWORK

This annex provides an overview of the GCF adaptation and mitigation logic model and explains how this is linked to the performance measurement frameworks for adaptation and mitigation.

At its fifth meeting, the Board decided that “the GCF’s results management framework will: (i) enable effective monitoring and evaluation of the outputs, outcomes and impacts of the GCF’s investments and portfolio, and the GCF’s organizational effectiveness and operational efficiency; (ii) include measurable, transparent, effective and efficient indicators and systems to support Fund’s operations, including inter alia, how the GCF addresses economic, social and environmental development co-benefits and gender sensitivity”.<sup>130</sup>

Based on that decision, the initial results management framework and the mitigation and adaptation logic models were adopted by the Board at its seventh meeting.<sup>131</sup> The logic models demonstrate how inputs and activities are converted to changes in the form of results achieved at the project/programme, country, strategic impact and paradigm shift levels.

**Table A3** describes each level of the logic model and indicates the estimated time required to achieve the relevant results from the start of the project.

<sup>130</sup> Decision B.05/03, paragraph (g).

<sup>131</sup> Decision B.07/04.

**TABLE A3. LEVELS IN GCF INITIAL LOGIC MODELS**

LEVEL	DESCRIPTION	TIMING OF THE LEVEL
Paradigm shift objective level	Changes achieved, i.e. all facets of society are demanding and integrating low-emission and climate-resilient approaches to sustainable development	Long term (15 years+)
GCF level impact	Positive and negative, primary and secondary long-term effects produced by a project or programme, directly or indirectly, intended or unintended	Longer term changes
GCF level outcomes	Aggregate changes identified in country policy/planning documents  Outcomes represent changes in conditions that occur between the completion of outputs and the achievement of impact	Short and medium term results and or changes
Outputs (project results)	Changes achieved as a result of project/programme activities  These are derived from the activities of the projects  <b>How do the project results contribute to the GCF level outcomes &amp; GCF level impact</b>  <b>Results include access to climate-resilient transport, access to markets, etc.</b>	Immediate results or changes
Activities	The actions taken or the work performed as part of an intervention.  Deliverables from here will contribute to project results above  <b>(e.g. KMs of road, MWs of electricity, installed CIEWS, number of training sessions, Ha adapted to become more climate resilient)</b>	Short term actions with concrete deliverables
Inputs	GCF funds, human effort; expertise, technology, materials and information	Start of intervention/project or programme

**Tables A4** and **A5** show the mitigation and the adaptation logic models based on annexes IX and X to decision B.07/04.<sup>132</sup> There are four impact results areas for mitigation and four for adaptation, respectively, and five mitigation and four adaptation outcome results areas that are translated into results at the strategic level.

<sup>132</sup> Annexes IX and X to document GCF/B.07/11 titled "Decisions of the Board – Seventh Meeting of the Board, 18–21 May 2014".



TABLE A4. INITIAL MITIGATION LOGIC MODEL

ELEMENT	EXPECTED RESULT	DESCRIPTION
Paradigm shift	Shift to low-emission sustainable development pathways	Degree to which the GCF is achieving low-emission sustainable development impacts. Quantitative & qualitative elements including contribution to the development of low-carbon pathways, knowledge-sharing, establishment of the enabling environment including regulatory and policy framework
ELEMENT	EXPECTED RESULT	INDICATOR(S)
GCF level impacts	<b>Mitigation</b>	<b>M1:</b> Tonnes of greenhouse gas emissions reduced or avoided <b>M2:</b> Cost per tonne of CO <sub>2</sub> -equivalent reduced <b>M3:</b> Volume of public and private funds catalysed by the GCF
	1.0 Reduced emissions from improved access to low-emission <b>energy and power generation</b>	
	2.0 <b>Transport</b>	
	3.0 Increased energy-efficiency in <b>buildings, cities and industries</b>	
	4.0 Reduced emissions from <b>land use, deforestation &amp; degradation</b>	
Project/programme outcomes	5.0 Strengthened institutional & regulatory systems for climate-responsive planning and development	
	6.0 Increased generation and use of climate information in decision-making	6.1 Proportion of <b>low-emission power supply</b> in a jurisdiction or market 6.2 Number of households and individuals (males and females) with improved access to low-emission energy sources 6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support
	7.0 Strengthened adaptive capacity and reduced exposure to climate risks	
	8.0 Strengthened awareness of climate threats and risk-reduction processes	
Project/programme outputs	Project/programme dependent but examples are goods, services, products, capacity produced as a result of programme/project activities	
Activities	Actions or work performed	
Inputs	Funds, human resources or material resources	

TABLE A5. INITIAL ADAPTATION LOGIC MODEL

ELEMENT	EXPECTED RESULT	DESCRIPTION
Paradigm shift	Increased climate-resilient sustainable development	Degree to which the GCF is achieving low-emission sustainable development impacts. Quantitative and qualitative elements including contribution to the development of low-carbon pathways, knowledge-sharing, establishment of the enabling environment including regulatory and policy framework
ELEMENT	EXPECTED RESULT	INDICATOR(S)
GCF level impacts	<b>Adaptation</b>	<b>Number of beneficiaries reached</b> <b>Number of beneficiaries relative to total population</b>
	1.0 Increased resilience and enhanced <b>livelihoods</b> of the most vulnerable people, communities and regions	
	2.0 Health and well being, <b>food &amp; water security</b>	2.1 Number of males and females benefitting from introduced health measures to respond to climate sensitive diseases; 2.2 Number of food-secure households (in areas/periods at risk of climate change impacts); 2.3 Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses
	3.0 <b>Infrastructure</b>	
	4.0 <b>Ecosystems</b> and <b>ecosystem services</b>	
Project/programme outcomes	5.0 Strengthened institutional & regulatory systems for climate-responsive planning and development	
	6.0 Increased generation and use of climate information in decision-making	
	7.0 Strengthened adaptive capacity and reduced exposure to climate risks	
	8.0 Strengthened awareness of climate threats and risk-reduction processes	8.1 Number of males and females made aware of climate threats and related appropriate responses
Project/programme outputs	Project/programme dependent but examples are goods, services, products, capacity produced as a result of programme/project activities	
Activities	Actions or work performed	
Inputs	Funds, human resources or material resources	

Based on the initial results management framework, the Board, at its eighth meeting, adopted the mitigation and adaptation performance measurement frameworks (PMFs).<sup>133</sup> The PMFs consist of a set of mitigation and adaptation indicators that have been designed to measure the results of GCF. The indicators are applied in the design of the logical framework for each funding proposal.

**Tables A6 and A7** provide practical guidance on each of the impact and outcome indicators in the PMFs, including an explanation of the indicators and examples of baseline and target setting. For ease of explanation, both good and bad examples are provided.

Lastly, as GCF does not provide any project/programme performance indicators, it is the responsibility of accredited entities to design such indicators in line with the adaptation and mitigation logic models and the context of each project or programme. It is generally recommended that output and results indicators consist of a mixture of qualitative and quantitative indicators that test the assumptions of the theory of change, the uptake of the project activities and other aspects of the project or programme.

Mitigation performance measurement framework

---

<sup>133</sup> Annex VIII to decision B.08/07 (annex VIII to document GCF/B.08/45 titled "Decisions of the Board – Eighth Meeting of the Board, 14–17 October 2014".

TABLE A6. MITIGATION PERFORMANCE MEASUREMENT FRAMEWORK

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
GCF level impacts	tCO <sub>2</sub> eq reduced as a result of GCF funded projects/ programmes	IEs/ intermediaries	<p>This indicator represents the <u>aggregate</u> total of sector-specific tCO<sub>2</sub>eq reduction indicators. The midterm and final targets shall be estimated ex-ante in the funding proposal and reported annually ex-post in the APRs. Detailed guidance on GHG emission estimation is provided in <b>Box 11</b>. It is important to note that once a methodological approach for GHG emission reduction estimation is selected at the funding proposal stage, the same approach shall be used as part of the annual ex-post reporting</p> <p>Targets shall be set as aggregate emission reductions during the implementation period (not during the project lifetime). The targets should be reported in tCO<sub>2</sub>eq using the GWP conversion factors applied for national GHG inventories<sup>a</sup></p> <p>All assumptions made as part of the calculations shall be provided in the assumptions section of the logical framework or in an annex to the funding proposal. The assumptions on the project lifetime shall also be provided, including justification of the selected project lifetime. Additionally, annual emission reductions and lifetime total emission reductions shall be reported under the assumptions section</p>	<p>The emission reductions are expressed as the total amount of emission reductions, not as annual emission reductions</p> <p><b>Key points:</b></p> <ul style="list-style-type: none"> <li>Emission reductions are converted into tCO<sub>2</sub>eq</li> <li>The GWP is applied in converting the emission reductions to tCO<sub>2</sub>eq</li> <li>The methodological approach is referenced</li> <li>A justifiable project lifetime is applied in the calculation of the lifetime emission reductions</li> </ul> <p><b>Example:</b>  <i>Baseline: 0 tCH<sub>4</sub></i>  <i>Midterm target: 7,300 tCH<sub>4</sub></i>  <i>Final target: 50,000 tCH<sub>4</sub></i></p> <p><b>Assumptions:</b>  <i>Methodology XXX is applied.</i>  <i>Project lifetime: 20 years</i>  <i>Annual emission reductions: 2,500 tCH<sub>4</sub></i>  <i>Lifetime emission reductions: 50,000 tCH<sub>4</sub></i></p>	<p>Examples of an incorrect indicator setting include cases where the lifetime emissions are reported as a final target, although these emissions cannot be achieved during the project implementation period or where the targets are not converted to tCO<sub>2</sub>eq. An example of an incorrect baseline and target setting under this indicator is provided below</p> <p><b>Example:</b>  <i>Baseline: 0 tCH<sub>4</sub></i>  <i>Midterm target: 7,300 tCH<sub>4</sub></i>  <i>Final target: 50,000 tCH<sub>4</sub></i></p> <p><b>Assumptions:</b>  <i>Methodology XXX is applied.</i>  <i>Project lifetime: 20 years</i>  <i>Annual emission reductions: 2,500 tCH<sub>4</sub></i>  <i>Lifetime emission reductions: 50,000 tCH<sub>4</sub></i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	Cost per tCO <sub>2</sub> eq decreased for all GCF-funded mitigation projects/programmes	IEs/intermediaries	<p>This indicator represents the abatement costs of GHG emissions and is intended to help understand anticipated costs (ex-ante) as well as trends in reducing costs of mitigation over time</p> <p>Good practice for calculating the abatement costs is to divide the lifetime costs (in line with the GCF proposal) of the project or programme by the lifetime GHG emission reductions</p> <p>The lifetime GHG emission reductions shall be the same as those reported against the indicator "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes". The project lifetime costs include all project-related costs (not only GCF funding), including project O&amp;M costs, and mobilized and leveraged financing. Parallel financing shall not be included in the calculations</p> <p>In case of projects consisting of both capacity-building components and components that directly lead to GHG emission reductions (e.g. infrastructure components), the costs of the capacity-building components may be excluded from the calculations. However, if capacity development is directly linked to the GHG emission reductions, such costs shall be included in the project lifetime costs for the purpose of calculating the targets for this indicator</p> <p>Explanation of the calculation approach and all underlying assumptions shall be provided in the assumptions section</p> <p>As abatement costs depend on the project costs and the expected lifetime emission reductions, the midterm and final targets will usually be the same</p>	<p><b>In a good example of abatement cost calculations, all project lifetime costs are included in the calculations and the assumptions are correctly described, including:</b></p> <ul style="list-style-type: none"> <li>• GCF investment</li> <li>• Capacity-building costs that do not directly lead to GHG emission reductions have been excluded</li> <li>• Co-financing</li> <li>• O&amp;M costs</li> <li>• Lifetime emission reductions are in line with the information reported under "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes"</li> </ul> <p><b>Example:</b>  <i>Baseline: USD 0/tCO<sub>2</sub>eq</i>  <i>Midterm target: USD 10/tCO<sub>2</sub>eq</i>  <i>Final target: USD 10/tCO<sub>2</sub>eq</i></p> <p><b>Assumptions:</b>  <i>Total GCF investment: USD 10 million</i>  <i>Co-financing (initial investment): USD 3 million (excluding USD 3 million for capacity-building) (Government of XXX)</i>  <i>O&amp;M costs (over the project lifetime): USD 2 million</i>  <i>Emission reductions over the project lifetime: 1.7 MtCO<sub>2</sub>eq</i></p>	<p><b>Some common issues with this indicator include cases where:</b></p> <ul style="list-style-type: none"> <li>• Not all project lifetime costs are included in the calculations, such as O&amp;M costs, leading to lower abatement costs</li> <li>• Capacity-building costs for activities that do not directly lead to GHG emission reductions have been wrongly included, leading to inflation of the abatement costs</li> </ul> <p><b>Example:</b>  <i>Abatement costs: USD 10.59/tCO<sub>2</sub>eq</i></p> <p><b>Assumptions:</b>  <i>Total GCF investment: USD 13 million</i>  <i>Co-financing (initial investment): USD 5 million (Government of XXX)</i>  <i>Emission reductions over the project lifetime: 1.7 MtCO<sub>2</sub>eq</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	Volume of finance leveraged by GCF funding	IEs/ intermediaries	<p>The reporting shall be consistent with the GCF approach on co-financing and include all sources mobilized and leveraged by GCF funding</p> <p>Calculations shall be disaggregated by public and private sources, where the definitions of public and private sources applied in the co-financing policy shall also apply here</p>	<p><b>A properly established baseline and targets will take into consideration the following factors:</b></p> <p>The targets are disaggregated by the private and public sectors</p> <p>Assumptions for the sources are provided</p> <p>It is clearly stated when co-investment has not been secured at the funding proposal stage</p> <p><b>Example:</b></p> <p>This is an example for setting the targets for the volume of finance leveraged for a hypothetical project where GCF invested USD 10 million, co-financing from the host country government was USD 2 million and USD 5 million from the private sector was mobilized through an incentive scheme</p> <p><b>Baseline:</b></p> <p>Public sector: USD 0</p> <p>Private sector: USD 0</p> <p><b>Midterm target:</b></p> <p>Public sector: Host country government: USD 2 million (special account in the State budget)</p> <p>Private sector: USD 2 million as equity investment (the actual investors are not determined at the stage of the funding proposal)</p> <p><b>Final target:</b></p> <p>Public sector: Host country government: USD 2 million (special account in the State budget)</p> <p>Private sector: USD 5 million as equity investment (the actual investors are not determined at the stage of the funding proposal)</p>	<p><b>Some common issues when reporting against this indicator or setting targets include:</b></p> <p>The targets are not clearly disaggregated by the private and public sectors</p> <p>Assumptions for the sources are not provided</p> <p>Not all financing mobilized is reported</p> <p><b>Example:</b></p> <p>This is an example for setting the targets for the volume of finance leveraged for a hypothetical project where GCF invested USD 10 million, co-financing from the host country government was USD 2 million and USD 5 million from the private sector was mobilized through an incentive scheme</p> <p><b>Baseline: USD 0</b></p> <p><b>Midterm target:</b></p> <p>Host country government: USD 1 million</p> <p>Investors: USD 1 million</p> <p><b>Final target:</b></p> <p>Host country government: USD 2 million</p> <p>Investors: USD 3 million</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
1.0 Reduced emissions through increased low- emission energy access and power generation	1.1 tCO <sub>2</sub> eq reduced or avoided as a result of GCF-funded projects/programmes – gender-sensitive energy access power generation (sub-indicator)	IEs/ intermediaries	<p>The guidance provided under the GCF impact indicator "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes" also applies to this indicator</p> <p>Wherever possible, provide a gender disaggregation of the target</p> <p>For grid emission factors, unless there are special project circumstances, and if there are no national/regional grid emission factor values adopted by the NDA of the country, it is recommended that the default grid emission factors adopted by the International Financial Institutions Technical Working Group (IFI TWG) on harmonization of GHG accounting are used, unless more recent and accurate national or regional studies are available</p> <p>The choice of emission factors and other relevant assumptions shall be reported in the assumptions section or in an annex to the funding proposal</p>	<p><b>Example of gender disaggregation for an energy access project:</b></p> <p><i>XX tCO<sub>2</sub>eq/year reduced by female-headed households</i></p> <p><i>XX tCO<sub>2</sub>eq/year reduced by female-headed households</i></p> <p>For other target and baseline setting examples, see the guidance under "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes"</p>	
2.0 Reduced emissions through increased access to low-emission transport	2.1 tCO <sub>2</sub> eq reduced or avoided as a result of GCF-funded projects/programme – low-emission gender-sensitive transport (sub-indicator)	IEs/ intermediaries	<p>The guidance provided under the GCF impact indicator "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes" also applies to this indicator</p> <p>Wherever possible, provide a gender disaggregation of the target</p>	<p>For gender disaggregation, please see the examples under indicator M1.1</p> <p>For other target and baseline setting examples, see the guidance under "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes"</p>	
3.0 Reduced emissions from industries and appliances	3.1 Tonnes of carbon dioxide equivalent (tCO <sub>2</sub> eq) reduced or avoided as a result of GCF-funded projects/programmes – buildings, cities, industries and appliances (sub-indicator)	IEs/ intermediaries	<p>The guidance provided under the GCF impact indicator "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes" also applies to this indicator</p> <p>Wherever possible, provide a gender disaggregation of the target</p>	<p>For gender disaggregation, please see the examples under indicator M1.1</p> <p>For other target and baseline setting examples, see the guidance under "Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes"</p>	

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
4.0 Reduced emissions from land use, deforestation, forest degradation, and through sustainable management of forests and conservation and enhancement of forest carbon stocks	4.1 Tonnes of carbon dioxide equivalent (tCO <sub>2</sub> eq) reduced or avoided (including increased removals) as a result of GCF-funded projects/programmes – forest and land-use sub-indicator)	IEs/ intermediaries	<p>The guidance provided under the GCF impact indicator “Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes” also applies to this indicator</p> <p>Wherever possible, provide a gender disaggregation of the target</p>	<p><b>Example of gender disaggregation for an energy access project:</b></p> <p><i>XX tCO<sub>2</sub>eq/year reduced by female-headed households</i></p> <p><i>XX tCO<sub>2</sub>eq/year reduced by female-headed households</i></p> <p>For other target and baseline setting examples, see the guidance under “Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of GCF-funded projects/programmes”</p>	
	Social, environmental, economic co-benefit index/indicator at the impact level		<p>AEs are encouraged to design targets and report on any outcome-level co-benefits related to the project</p> <p><u>Wherever possible</u>, provide a gender disaggregation of the target</p> <p>As for all other indicators, baseline data shall be carefully analysed and reported, irrespective of the selected target</p>	<p><b>Examples of well-developed targets include, but are not limited to:</b></p> <ol style="list-style-type: none"> <li>1. New green jobs created</li> <li>2. Increase in household income</li> <li>3. Reduced particulate matter emissions</li> </ol> <p>The example below provides an illustration of how the baseline of the target for new green jobs can be described</p> <p><i>New green jobs</i></p> <p><i>Total: 20,000</i></p> <p><i>Male: 7,000</i></p> <p><i>Female: 13,000</i></p> <p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. The target is related to a social (jobs) and environmental (green) aspect of the co-benefit</li> <li>2. Gender disaggregation is provided</li> </ol>	<p>The example below provides an illustration of how the baseline of the target for new green jobs is wrongly described</p> <p><i>New jobs: 20,000</i></p> <p><b>Issues:</b></p> <ol style="list-style-type: none"> <li>1. Although the target is related to a social co-benefit (jobs), the target does not mention the fact that these are green jobs</li> <li>2. There is no gender disaggregation</li> </ol>



EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
Project/programme outcomes	Number of technologies and innovative solutions transferred or licensed to support low-emission development as a result of GCF support	IEs/ intermediaries	<p>The baseline and targets might include the number of technology transfer licences, number of facilities created to produce local technologies, and/or projects/programmes that include transfer of technology and innovative solutions that support low-emission pathways</p> <p>This indicator allows GCF support for technology transfer to be tracked</p>	<p><b>Good practice for reporting under this indicator includes:</b></p> <ol style="list-style-type: none"> <li>1. A description of the types of technologies and measures</li> <li>2. Disaggregation by measure and technology</li> </ol> <p><b>Example:</b></p> <p>An example from a project for energy efficiency in industry</p> <p><b>Baseline:</b> 0</p> <p><b>Midterm target:</b> A total of 1 new measure and 0 technology</p> <p><b>Measures:</b> Plant energy management</p> <p><b>Final target:</b> A total of 2 new measures and 1 technology</p> <p><b>Measures:</b></p> <ul style="list-style-type: none"> <li>• Plant energy management</li> <li>• Logistics energy management</li> </ul> <p><b>Technology:</b></p> <ul style="list-style-type: none"> <li>• Energy-efficient production line</li> </ul>	<p>For the same example, an incorrect target setting is provided below:</p> <p>3 new technologies and measures</p> <p><b>Issues:</b></p> <ol style="list-style-type: none"> <li>1. No disaggregation is provided by technology and measure</li> <li>2. A description of the concrete measures or technologies is not provided</li> </ol>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
5.0 Strengthened institutional and regulatory systems for low-emission planning and development	5.1 Institutional and regulatory systems that improve incentives for low-emission planning and development and their effective implementation	IEs/ intermediaries	<p>This is a qualitative indicator and needs to be determined based on careful analysis of the country-specific circumstances. Consideration should be given to what can be measured at different levels (city, regional, etc.) and what changes can be tied to the work of GCF, either in terms of attribution or contribution</p> <p>There are several elements that need to be captured by the targets under this indicator:</p> <ul style="list-style-type: none"> <li>• New or modified systems as a result of the project institutional and regulatory systems (which are the systems, what do they do, etc.?)</li> <li>• Types of incentives and their improvement</li> <li>• Integration of the incentives in the planning process (at the national or regional level, for example)</li> <li>• Degree of effective implementation</li> </ul>	<p>It is good practice for the formulation of the target to correspond to the major requirements for this indicator, such as defining the types of incentives and mechanisms (e.g. regulations for feed-in tariffs), the integration of the mechanisms in the planning process and the measurement of effectiveness (through the increase of renewable energy supply by independent power producers)</p> <p><b>Example:</b> For a hypothetical project for development of renewable energy markets in county Y, the following baseline and target setting might be considered:</p> <p><b>Baseline:</b> <i>No incentive mechanisms are in place</i></p> <p><b>Midterm target:</b> <i>Introduction of a new feed-in tariff system in seven regions of the country</i></p> <p><b>Final target:</b> <i>Introduction of a new feed-in tariff system in seven regions of the country and an increase in the supply of renewable energy by independent power producers by 70% as a result of the development of at least seven projects in the national power development plan</i></p>	<p>For the same hypothetical project for development of renewable energy markets in county Y, the following target is not considered to be correctly established, as the number of regulations does not provide sufficient information on whether incentives are improved and whether the new systems are effectively applied</p> <p><b>Example:</b> <b>Baseline:</b> <i>No new regulations</i></p> <p><b>Midterm target:</b> <i>1 new regulation is drafted</i></p> <p><b>Final target:</b> <i>2 new regulations are developed as part of the project</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	5.2 Number and level of effective coordination mechanisms	IEs/ intermediaries	<p>This indicator is both qualitative and quantitative. It seeks to measure evidence of measures taken for promoting coordination and synergy at the regional and international levels, including between and among relevant agencies and with regard to other multilateral environmental agreements</p> <p>It is important, when formulating targets, to examine both the number and type of mechanisms and their level of effectiveness. Regarding the level of effective coordination mechanisms, a scorecard approach is recommended, where the AE may define the different levels of effectiveness. The main assumptions made as part of the scorecard development should be reported in the assumptions section</p>	<p><b>Good practice for this indicator includes:</b></p> <ol style="list-style-type: none"> <li>1. The targets specify the actual mechanisms to which they are related</li> <li>2. The targets examine the level of effective coordination by applying a scorecard approach</li> <li>3. It is clearly specified how the targets are related to the planning process</li> </ol> <p><b>Example (hypothetical transport project):</b></p> <p><b>Baseline:</b></p> <p><i>One mechanism related to incorporation of low-emission transport measures in regional planning exists, but is not operational (Effectiveness level 1)</i></p> <p><b>Midterm target:</b></p> <p><i>Two mechanisms related to incorporation of low-emission transport measures in regional planning exist, but are partially operationalized (Effectiveness level 2)</i></p> <p><b>Final target:</b></p> <p><i>2 mechanisms related to incorporation of low-emission transport measures in regional planning exist, and are almost fully operational (Effectiveness level 3)</i></p>	<p>This is an example of an insufficiently developed baseline and targets for a hypothetical transport sector project.</p> <p><b>The main issues include:</b></p> <ol style="list-style-type: none"> <li>1. The targets do not specify the actual mechanisms</li> <li>2. The targets do not specify what they are related to</li> <li>3. The targets do not explore the level of effective coordination</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b></p> <p><i>One coordination mechanism</i></p> <p><b>Midterm target:</b></p> <p><i>Five new coordination mechanisms are introduced</i></p> <p><b>Final target:</b></p> <p><i>Five new coordination mechanisms are introduced</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
6.0 Increased number of small, medium and large low-emission power suppliers	6.1 Proportion of low-emission power supply in a jurisdiction or market	IEs/intermediaries	<p>This indicator should be determined taking into consideration the most recent energy statistics of the country. All low-emission power generation facilities existing in the baseline (large and small heat and power plants, wind power plants, etc.) shall be taken into consideration</p> <p>Wherever possible, low-emission suppliers shall be disaggregated by size of supplier (e.g. small, medium, large). The assumptions made in the disaggregation process shall be included in the assumptions section</p>	<p><b>Key points for setting up the targets under this indicator include:</b></p> <ol style="list-style-type: none"> <li>1. The target specifies clearly the share in total electricity supply, the actual amount of electricity supplied and the exact market</li> <li>2. Disaggregation is performed in terms of suppliers, including the number of suppliers and the total volume of electricity supplied by each group</li> <li>3. It is clearly specified that the targets represent the annual electricity supply</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b></p> <p>1% of the annual electricity supply in region X comes from low-emission sources (1,500 MWh/year)</p> <p>Large suppliers: 0</p> <p>Medium suppliers: 0</p> <p>Small suppliers: 3 (total 1,500 MWh/year)</p> <p><b>Midterm target:</b></p> <p>10% of the annual electricity supply in region X comes from low-emission sources (15,000 MWh/year)</p> <p>Large suppliers: 3 (total 10,000 MWh/year)</p> <p>Medium suppliers: 0</p> <p>Small suppliers: 10 (total 5,000 MWh/year)</p> <p><b>Final target:</b></p> <p>20% of the annual electricity supply in region X comes from low-emission sources (30,000 MWh/year)</p> <p>Large suppliers: 3 (total 25,000 MWh/year)</p> <p>Medium suppliers: 0</p> <p>Small suppliers: 10 (total 5,000 MWh/year)</p>	<p><b>Most common issues with this indicator include incorrect</b> reporting of the baseline. For example, the baseline is incorrectly set when reporting the share of low-emission supply as 0 MWh for the case where 20% of the energy supply in the particular markets already comes from low-emission sources. This leads to incorrect target setting and causes potential issues in reporting outcomes attributable to the project</p> <p><b>Example:</b></p> <p><b>Baseline:</b></p> <p>0% of the annual electricity supply in region X comes from low-emission sources</p> <p><b>Midterm target:</b></p> <p>30% of the annual electricity supply in region X comes from low-emission sources</p> <p><b>Final target:</b></p> <p>50% of the annual electricity supply in region X comes from low-emission sources</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	6.2 Number of households and individuals (males and females) with improved access to low-emission energy sources	IEs/ intermediaries	<p>This indicator is intended to be applied only to projects related to off-grid electricity supply or mini-grids</p> <p>The targets and the baseline should be disaggregated by gender. If relevant, the targets should also be disaggregated by urban and rural households</p> <p>The type of low-emission energy source is not specified</p>	<p><b>Good practice for this indicator includes cases where:</b></p> <ol style="list-style-type: none"> <li>1. The baseline and the targets are provided for a number of households in line with the indicator</li> <li>2. Gender disaggregation is provided</li> <li>3. The type of low-emission source is provided</li> </ol> <p><b>Example:</b>  <i>Baseline: 0 households with access to low-emission energy sources</i>  <i>Midterm target: 50 households (20 female-headed) with access to low-emission energy sources (rooftop solar)</i>  <i>Final target: 700 households (300 female-headed) with access to low-emission energy sources (rooftop solar)</i></p>	<p><b>Some of the most common issues with this indicator include:</b></p> <ol style="list-style-type: none"> <li>1. The indicator is on households, but the target is focusing on people</li> <li>2. The target is not disaggregated by gender</li> <li>3. The type of low-emission energy source is not specified</li> </ol> <p><b>Example:</b>  <i>Baseline: 0 people with access to low-emission energy sources</i>  <i>Midterm target: 2,500 people with access to low-emission energy sources</i>  <i>Final target: 3,500 households with access to low-emission energy sources</i></p>
	6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support	IEs/ intermediaries	<p>The targets should report the new or additional capacity installed with GCF support. Please do not report on electricity generated in this indicator.</p> <p>It is good practice to specify the type of renewable energy as part of the baseline and targets</p>	<p>Good practice with this indicator involves cases where:</p> <ol style="list-style-type: none"> <li>1. The type of energy capacity is specified in the baseline and targets</li> <li>2. Measurement units are correctly selected</li> </ol> <p><b>Example:</b>  <i>Baseline: 0 MW of new grid-connected wind power generation systems installed</i>  <i>Midterm target: 300 MW of new grid-connected wind power generation systems installed</i>  <i>Final target: 600 MW of new grid-connected wind power generation systems installed</i></p>	<p>Some common issues with this indicator include cases where:</p> <ol style="list-style-type: none"> <li>1. Measurement units are incorrectly selected, and capacity is measured in MW, while electricity supply is measured in MWh</li> <li>2. The type of renewable energy source is not specified</li> </ol> <p><b>Example:</b>  <i>Baseline: 0 MWh of new capacity installed</i>  <i>Midterm target: 500 MWh of new capacity installed</i>  <i>Final target: 1,000 MWh of new capacity installed</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
7.0 Lower energy intensity of buildings, cities, industries and appliances	7.1 Energy intensity/improved efficiency of buildings, cities, industries and appliances as a result of GCF support	IEs/ intermediaries	<p>This indicator is related to energy efficiency projects. The baseline and targets shall be calculated for each sector or type of appliance separately</p> <p>Annual energy savings per measure and percentage of energy efficiency improvement shall be specified in the targets and baseline</p>	<p><b>Good practice for this indicator involves cases where:</b></p> <ol style="list-style-type: none"> <li>1. Disaggregation by industry and type of measure is provided</li> <li>2. Annual energy savings per industry and measure are provided</li> </ol> <p><b>Example:</b> In a project seeking to improve the energy efficiency in the Free Economic Zone in the food processing, cosmetics and electronics industries, the baseline and targets are provided as follows:</p> <p><b>Baseline:</b> <i>Food processing industry – 0% improvement, including:</i> <i>Cosmetics industry – introduction of energy-efficient production line 0% (XXX MWh/year)</i> <i>Electronics industry – energy efficiency improvements in the factory building – 0% (XXX MWh/year)</i></p> <p><b>Midterm target:</b> <i>Food processing industry – 10% improvement, including:</i></p> <ul style="list-style-type: none"> <li>• New processing equipment – 5% (XXX MWh/year saved)</li> <li>• Utilization of methane from wastewater treatment – 5%</li> </ul> <p><i>Cosmetics industry – introduction of energy-efficient production line 5% (XXX MWh/year)</i> <i>Electronics industry – energy efficiency improvements in the factory building – 2% (XXX MWh/year)</i></p> <p><b>Final target:</b> <i>Food processing industry – 15% improvement, including:</i></p> <ul style="list-style-type: none"> <li>• New processing equipment – 10% (XXX MWh/year saved)</li> <li>• Utilization of methane from wastewater treatment – 5%</li> </ul> <p><i>Cosmetics industry – introduction of energy-efficient production line 10% (XXX MWh/year)</i> <i>Electronics industry – energy efficiency improvements in the factory building – 5% (XXX MWh/year)</i></p>	<p><b>Some of the most common issues with this indicator involve cases where:</b></p> <ol style="list-style-type: none"> <li>1. The energy efficiency improvement is not disaggregated by industry or type of measure</li> <li>2. Annual energy savings are not specified</li> </ol> <p><b>Example:</b> In a project seeking to improve the energy efficiency in the Free Economic Zone in the food processing, cosmetics and electronics industries, the following target is provided: <b>Baseline:</b> <i>overall energy efficiency is improved by 0%</i> <b>Midterm target:</b> <i>overall energy efficiency is improved by 5%</i> <b>Final target:</b> <i>overall energy efficiency is improved by 10%</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
8.0 Increased use of low-carbon transport	8.1 Number of additional female and male passengers using low-carbon transport as a result of GCF support	IEs/ intermediaries	<p>The indicator mainly focuses on public transport</p> <p>The actual methodology for estimating the additional passengers against the baseline shall be clearly specified, and the approach described in the funding proposal or an annex. The underlying causes for the modal shift shall also be explored in the baseline and target setting</p> <p>The baseline and targets shall be disaggregated by gender</p>	<p><b>Good practice for this indicator involves cases where:</b></p> <ol style="list-style-type: none"> <li>1. Disaggregation per vehicle class and source is provided</li> <li>2. Fuel economy is provided for each group</li> <li>3. The methodology for estimating fuel efficiency is clearly specified</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b> Fuel efficiency improvement for:</p> <ol style="list-style-type: none"> <li>1. Commercial vehicles – 0%</li> <li>2. Hybrid passenger vehicles – 0%</li> <li>3. All-electric passenger vehicles – 0%</li> </ol> <p><b>Midterm target:</b> Fuel efficiency improvement for:</p> <ol style="list-style-type: none"> <li>1. Commercial vehicles – 5%</li> <li>2. Hybrid passenger vehicles – 2%</li> <li>3. All-electric passenger vehicles – 8%</li> </ol> <p><b>Final target:</b> Fuel efficiency improvement for:</p> <ol style="list-style-type: none"> <li>1. Commercial vehicles – 10%</li> <li>2. Hybrid passenger vehicles – 5%</li> <li>3. All-electric passenger vehicles – 12%</li> </ol> <p><b>Assumptions:</b> Fuel economy is estimated by applying national standard no. 123/SS3 and the methodology provided in tool XXX</p>	<p><b>The most common issues with this indicator include cases where:</b></p> <ol style="list-style-type: none"> <li>1. The targets and baseline are not disaggregated by vehicle class and energy source</li> <li>2. The methodology applied for estimating the fuel economy is not vetted by a third party and results in an overestimation of the fuel economy</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b> 0% fuel efficiency improvement</p> <p><b>Midterm target:</b> 5% fuel efficiency improvement</p> <p><b>Final target:</b> 10% fuel efficiency improvement</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	8.2 Vehicle fuel economy and energy source as a result of GCF support	IEs/ intermediaries	<p>This indicator focuses on vehicles in the private, commercial and government fleets (not public transport or non-motorized transport options)</p> <p>The targets shall focus on the trends in fuel economy both by vehicle class (commercial and passenger plus subclasses by heavy/light duty, weight, etc.) and energy source (e.g. hybrid and all-electric vehicles)</p> <p>Good practice is to report the average fuel economy per vehicle class. The AE shall specify in the assumptions section the exact methodology used to estimate the fuel economy. It is also good practice to use methodologies vetted by third parties</p>	<p><b>Good practice for this indicator includes cases where:</b></p> <ol style="list-style-type: none"> <li>1. The baseline takes into consideration the existing passengers from a previous pilot project</li> <li>2. The baseline and targets are disaggregated by gender</li> </ol> <p><b>Example:</b> This is a hypothetical example of a rapid bus service project supported by GCF and building upon an existing pilot project <b>Baseline:</b> 3,000 males and 3,000 females use low-carbon transport (a pilot rapid bus service line implemented by XXX donor agency) <b>Midterm target:</b> 20,000 males and 20,000 females use low-carbon transport (expansion of the rapid bus service system as a result of the GCF intervention) <b>Final target:</b> 40,000 males and 40,000 females use low-carbon transport (expansion of the rapid bus service system as a result of the GCF intervention)</p>	<p><b>The most common issues with this indicator include cases where:</b></p> <ol style="list-style-type: none"> <li>1. The baseline does not take into consideration the existing passengers. As a result, the targets include all users of the rapid bus service and overestimate the impact of the GCF intervention</li> <li>2. The baseline and targets are not disaggregated by gender</li> </ol> <p><b>Example:</b> This is the same hypothetical example of a rapid bus service project supported by GCF and building upon an existing pilot project <b>Baseline:</b> 0 passengers use low-carbon transport <b>Midterm target:</b> 46,000 passengers use low-carbon transport <b>Final target:</b> 86,000 passengers use low-carbon transport</p>



EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
9.0 Improved management of land or forest areas contributing to emission reductions	9.1 Hectares of land or forests under improved and effective management that contributes to CO <sub>2</sub> emission reductions	IEs/intermediaries	<p>The targets shall be aligned with land and forest management practices in the host countries. The target shall look both into the area and the different types of measures applied. In case of multiple measures, disaggregation per measure shall be provided</p> <p>The assumptions for the baseline shall be listed in the assumptions section. It is good practice to provide a detailed analysis of the baseline incorporating the national circumstances in an annex to the funding proposal</p>	<p><b>Key points for properly designing the baseline and the targets include cases where:</b></p> <ol style="list-style-type: none"> <li>1. The exact improved management practices are specified</li> <li>2. The exact guidelines for sustainable management are specified</li> <li>3. The targets are established under the assumption that certification will occur</li> <li>4. The baseline, midterm and final targets are consistently set</li> <li>5. The baseline takes into consideration activities that took place before the GCF intervention</li> </ol> <p><b>Example:</b>  <i>Baseline: 30 ha of forest are under sustainable forest management practices following XX guidelines and have been certified</i>  <i>Midterm target: 100 ha of forest are under sustainable forest management practices following XX guidelines and have been certified</i>  <i>Final target: 200 ha of forest are under sustainable forest management practices following XX guidelines and have been certified</i></p>	<p><b>Most commonly observed issues with this indicator include cases where:</b></p> <ol style="list-style-type: none"> <li>1. The exact improved management practices are not specified</li> <li>2. Baseline data and midterm values are not consistently set</li> </ol> <p><b>Example:</b>  <i>Baseline: N/A</i>  <i>Midterm value: N/A</i>  <i>Final target: 100 ha of land under improved management practices</i></p>

Abbreviations: AE = accredited entity, APR = annual performance report, GHG = greenhouse gas, GWP = global warming potential, IE = implementing entity, N/A = not applicable, NDA = national designated authority, O&M = operation and maintenance.

\*For example, if a country applies the GWP from the Intergovernmental Panel on Climate Change Fifth Assessment Report, the GWP values for a 100-year time-horizon are provided here: <[https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5\\_Chapter08\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_Chapter08_FINAL.pdf)> (pp.731–737).

TABLE A7. ADAPTATION PERFORMANCE MEASUREMENT FRAMEWORK

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
Paradigm shift objective					
GCF-level impacts					
	Total number of direct and indirect beneficiaries; number of beneficiaries relative to total population	IEs/ intermediaries	<p>The indicator measures the number of people who have received an input of support. The direct beneficiaries are those who are directly targeted by the project. Indirect beneficiaries are those who are not directly targeted by the project, but may benefit from the project outcomes</p> <p>The assumptions made in defining the direct and indirect beneficiaries shall be described in the assumptions section</p> <p>In case of several interventions covered by a project or programme, the AE should provide measures for avoiding double counting for cases where one beneficiary benefits from several measures</p> <p>Please note that this indicator shall report both the total number of beneficiaries and their share of total population</p> <p>The total population can be the population of the country or a targeted region, depending on the project context</p> <p>Unless there are special circumstances, it is good practice to report all household members as direct beneficiaries, not only the head of the household</p> <p>The baseline and targets shall be disaggregated by gender</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. Gender disaggregation is provided</li> <li>2. The number of direct and indirect beneficiaries is reported</li> <li>3. The percentage of total population is reported</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b></p> <p>Direct beneficiaries: 0 males 0 females 0% of total population</p> <p>Indirect beneficiaries: 0 males 0 females 0% of total population</p> <p><b>Midterm target:</b></p> <p>Direct beneficiaries: 3,000 males (3% of total population) 3,000 females (3% of total population)</p> <p>Indirect beneficiaries: 7,000 males (7% of total population) 7,000 females (7% of total population)</p> <p><b>Final target:</b></p> <p>Direct beneficiaries: 12,000 males (12% of total population) 12,000 females (12% of total population)</p> <p>Indirect beneficiaries: 25,000 males (25% of total population) 25,000 females (25% of total population)</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. No gender disaggregation is provided</li> <li>2. The number of households instead of the number of beneficiaries is reported</li> <li>3. The indirect beneficiaries are not reported</li> <li>4. The percentage of total population is not reported</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b> 0 households</p> <p><b>Midterm target:</b> 3,000 households</p> <p><b>Final target:</b> 6,000 households</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
1.0 Increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions	1.1 Change in expected loss of lives and economic assets (USD) due to the impact of extreme climate-related disasters in the geographic area of the GCF intervention	IEs/ intermediaries/ country	<p>This indicator considers both: (i) loss of lives; and (ii) loss of economic assets. Analysis of loss of life is separate from analysis of economic losses (lives cannot be valued)</p> <p>The baseline shall be established based on data from previous climate-related events, national statistics, etc.</p> <p>The baseline and targets shall be disaggregated by vulnerable groups and gender, and as a share of total population, wherever possible</p> <p>Targets shall be established based on data from scientific research or experience with similar projects in other countries or regions</p> <p>Economic losses shall be analysed in relation to the size of economies</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. The baseline is clearly described</li> <li>2. References are made to studies or previous examples that allow the baseline and targets to be established in a transparent manner</li> <li>3. Assumptions are provided in the assumptions section</li> </ol> <p><b>Example:</b></p> <p>An example for the establishment of the baseline and targets for a hypothetical early warning systems project</p> <p><b>Baseline:</b> During typhoon XX in 2014, 3,000 lives, including those of 2,000 women and 300 children, were lost and damage to economic assets amounted to USD 200 million</p> <p><b>Midterm target:</b> The introduction of the early warning system can reduce the damage to economic assets by 20% or USD 400 million and reduce loss of life to less than 100 (Assumptions and references are provided in the reference section)</p> <p><b>Final target</b> (same as the midterm target): The introduction of the early warning system can reduce the damage to economic assets by 20% or USD 400 million and reduce loss of life to less than 100 (Assumptions and references are provided in the reference section)</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. The baseline is not clearly described</li> <li>2. No references are made to any studies or previous examples that allow the targets to be established in a transparent manner</li> <li>3. Lack of clarity on how the targets and the baseline are established also provide major challenges for monitoring and reporting</li> </ol> <p><b>Example:</b></p> <p>An example for the establishment of the baseline and targets for a hypothetical early warning systems project where the baseline and the targets are incorrectly set</p> <p><b>Baseline:</b> 0</p> <p><b>Midterm target:</b> 10% of the baseline</p> <p><b>Final target:</b> 20% of the baseline</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	1.2 Number of males and females benefiting from the adoption of diversified, climate-resilient livelihood options (including fisheries, agriculture, tourism)	IEs/intermediaries	<p>This is a quantitative indicator</p> <p>The targets shall be disaggregated by gender</p> <p>In case of several measures, it is good practice to provide disaggregation per measure or type of intervention</p> <p>When establishing the baseline, the AE shall analyse whether similar measures have already been implemented in the country(ies). This is highly relevant for projects that are aimed at scaling up previous interventions or pilot projects. Failing to undertake such an analysis may result in an overestimation of the project beneficiaries</p> <p>The guidance provided for the indicator –“Total number of direct and indirect beneficiaries; number of beneficiaries relative to total population” in relation to defining beneficiaries also applies to this indicator. However, there is no need to provide a disaggregation of the direct and indirect beneficiaries for this indicator, as the indicator focuses on direct beneficiaries</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. The target is set against the number of beneficiaries</li> <li>2. Gender disaggregation is performed</li> <li>3. Disaggregation is provided per measure/intervention</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b></p> <p>Measure X Males: 0 Females: 0</p> <p>Measure Y Males: 200 Females: 200</p> <p><b>Midterm target:</b></p> <p>Measure X Males: 2,000 Females: 2,000</p> <p>Measure Y Males: 3,000 Females: 3,000</p> <p><b>Final target:</b></p> <p>Measure X Males: 5,000 Females: 5,000</p> <p>Measure Y Males: 10,000 Females: 10,000</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. The target is set against households, although the indicator requires the targets to be set according to the number of beneficiaries</li> <li>2. No gender disaggregation is performed</li> <li>3. No disaggregation is provided per measure/intervention</li> </ol> <p><b>Example:</b></p> <p>An example for the establishment of the baseline and targets for a hypothetical early warning systems project where the baseline and the targets are incorrectly set</p> <p><b>Baseline: 0</b></p> <p><b>Midterm target: 10% of the baseline</b></p> <p><b>Final target: 20% of the baseline</b></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	1.3 Number of GCF-funded projects/programmes that support effective adaptation to fish stock migration and depletion due to climate change	IEs/ intermediaries	<p>This is a quantitative indicator related to adaptation activities linked to fish stock migration and depletion. This indicator shall be applied in cases where GCF supports on-lending or the provision of grants to individual fishery-related projects</p> <p>The AE shall report the total number of sub-projects supported by the GCF funded activities</p> <p>It is good practice, wherever possible, to provide disaggregation by type of project. In this case, assumptions related to the type of project shall be provided in the assumptions section</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. Disaggregation by type of project is provided</li> <li>2. The midterm and final targets are clearly set</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b> Total number of projects: 0 Type A: 0 Type B: 0 Type C: 0</p> <p><b>Midterm target:</b> Total number of projects: 15 Type A: 5 Type B: 2 Type C: 3</p> <p><b>Final target:</b> Total number of projects: 25 Type A: 15 Type B: 5 Type C: 5</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. Midterm targets are omitted</li> </ol> <p>Reporting is provided only on the total number of projects, although sufficient data are available for a classification per type of project</p> <p><b>Example:</b></p> <p>An example for the establishment of the baseline and targets for a hypothetical early warning systems project where the baseline and the targets are incorrectly set</p> <p><b>Baseline:</b> Total number of projects: 0</p> <p><b>Final target:</b> Total number of projects: 25</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
2.0 Increased resilience of health and well-being, and food and water security	2.1 Number of males and females benefiting from introduced health measures to respond to climate-sensitive diseases	IEs/ intermediaries	<p>This is a quantitative indicator for projects and programmes introducing health-related measures. The targets shall be disaggregated by gender.</p> <p>In case of several measures, it is good practice to provide disaggregation per measure or type of intervention.</p> <p>When establishing the baseline, the AE shall analyse whether similar measures have already been implemented in the country(ies). This is highly relevant for projects that are aimed at scaling up previous interventions or pilot projects. Failing to undertake such an analysis may result in an overestimation of the project beneficiaries.</p> <p>The guidance provided for the indicator "Total number of direct and indirect beneficiaries; number of beneficiaries relative to total population" in relation to defining the beneficiaries also applies to this indicator. However, there is no need to provide a disaggregation of the direct and indirect beneficiaries for this indicator, as the indicator focuses on direct beneficiaries.</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. Disaggregation by gender and by measure is provided</li> <li>2. The target is set against individuals as required by the indicator</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b></p> <p>Measure X Males: 0 Females: 0</p> <p>Measure Y Males: 200 Females: 200</p> <p><b>Midterm target:</b></p> <p>Measure X Males: 2,000 Females: 2,000</p> <p>Measure Y Males: 3,000 Females: 3,000</p> <p><b>Final target:</b></p> <p>Measure X Males: 5,000 Females: 5,000</p> <p>Measure Y Males: 10,000 Females: 10,000</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. The target is set against households, although the indicator requires the targets to be set according to the number of beneficiaries</li> <li>2. No gender disaggregation is performed</li> <li>3. No disaggregation is provided per measure/intervention</li> </ol> <p><b>Example:</b></p> <p><b>Baseline:</b> 0</p> <p><b>Midterm target:</b> 300 households</p> <p><b>Final target:</b> 1,000 households</p>
	2.2 Number of food-secure households (in areas/periods at risk of climate change impacts)	IEs/ intermediaries	<p>This is a quantitative indicator applied to projects improving food security. The baseline and targets shall be disaggregated by male- and female-headed households.</p> <p>It is good practice to specify under the assumptions section how food security will be defined (e.g. using the FAO definition) and how this will be monitored.</p> <p>Detailed analysis of the baseline should be provided against the food security definition to establish the number of food-secure households. For example, stating 0 as a baseline for food-secure households, without an appropriate justification, is not acceptable.</p> <p>Please note that the targets under this indicator shall be expressed in <u>number of households</u>, not beneficiaries.</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. Gender disaggregation is provided</li> <li>2. Reference to the definition of food security is provided</li> </ol> <p><b>Example of target setting:</b></p> <p>Total number of food-secure households: 5,000</p> <p>Male-headed households: 3,000</p> <p>Female-headed households: 2,000</p> <p>(The FAO definition for food security is applied in defining food-secure households)</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. The indicator is not expressed as a number of households</li> <li>2. There is no gender disaggregation</li> <li>3. No definition of food security is provided</li> </ol> <p><b>Example of incorrect target setting for this indicator:</b></p> <p>5,000 people are food secure</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	2.3 Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses	IEs/intermediaries	<p>This indicator is applicable to safe water supply projects. The baseline and targets shall be disaggregated by gender in relation to domestic, agricultural and industrial sources</p> <p>Although this is a quantitative indicator, the AE shall provide reference to the standard (national or international) to be used in determining water safety, as well as the definition of water supply reliability. Additionally, the monitoring approach shall be described under the assumptions section</p> <p>The targets and the baseline for this indicator shall be expressed in <u>number of males and females</u>, not households</p> <p>Detailed analysis of the baseline should be provided against the safe water definition to establish the number of males and females with access to a reliable and safe water supply. For example, <u>stating 0 as a baseline for reliable and safe water supply without an appropriate justification</u> is not acceptable</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. Gender disaggregation is performed</li> <li>2. Disaggregation per source is performed</li> <li>3. A definition of water safety and reliability is provided</li> </ol> <p><b>Example:</b> <b>Baseline:</b> Domestic Males: 1,000 Females: 1,000  Agriculture Males: 200 Females: 200</p> <p><b>Midterm target:</b> Domestic Males: 2,000 Females: 2,000  Agriculture Males: 3,000 Females: 3,000</p> <p><b>Final target:</b> Domestic Males: 5,000 Females: 5,000  Agriculture Males: 10,000 Females: 10,000</p> <p><b>Assumptions:</b> Water safety will be established following national standard no. 123/1975. Measurements will be made according to the measurement approach in the methodology and applying random sampling.  The water source will be defined as "reliable" in case water is available for at least 3 hours every day throughout a calendar year</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. The target is set against households, although the indicator requires the target to be set according to the number of beneficiaries</li> <li>2. No gender disaggregation is performed</li> <li>3. No disaggregation per source is performed</li> <li>4. No definition of water safety and reliability is provided</li> </ol> <p><b>Example:</b> <b>Baseline:</b> 0 <b>Midterm target:</b> 300 households <b>Final target:</b> 1,000 households</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
3.0 Increased resilience of infrastructure and the built environment to climate change threats	3.1 Number and value of physical assets made more resilient to climate variability and change, considering human benefits (reported where applicable)	IEs/ intermediaries	<p>This indicator is applied to projects targeting infrastructure and the built environment</p> <p>This indicator considers both: (i) the number of resilient assets; and (ii) the value of resilient assets</p> <p>Numbers shall be disaggregated by sector, type of asset, activity type (newly constructed or strengthened). This indicator also covers assets associated with climate-vulnerable sectors, such as tourism</p> <p>A definition of "more resilient" shall be provided in the assumptions section. The baseline shall be established against the resilience definition and may refer to data from previous climate-related events, national statistics, studies, etc.</p> <p>Targets shall be established based on data from scientific research or experience with similar projects in other countries or regions</p> <p>The definition of the baseline and targets shall take into consideration human benefits, wherever possible</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. The metrics units are correctly provided</li> <li>2. A definition of "resilient roads" is provided</li> <li>3. The value of the assets is provided</li> </ol> <p>An example is provided below for the establishment of the baseline and targets for a hypothetical resilient road project</p> <p><b>Baseline:</b> 0 (0 km) of resilient roads in Region 1</p> <p><b>Midterm target:</b> 20 roads (500 km) used for transportation of agricultural goods to markets are made more resilient Value: USD 2,500,000</p> <p><b>Final target:</b> 50 roads (1,300 km) used for transportation of agricultural goods to markets are made more resilient Value: USD 6,300,000</p> <p>"Resilient roads" are defined as asphalt-covered roads with a drainage system and designed in line with national standard no. SR312/51</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. The units for the baseline and targets are not provided</li> <li>2. A definition of "resilient roads" is not provided</li> <li>3. The value of the assets is not provided</li> <li>4. A lack of clarity on how the targets and the baseline are established also leads to major challenges for monitoring and reporting</li> </ol> <p>An example is provided below for the establishment of the baseline and targets for a hypothetical resilient road project</p> <p><b>Baseline:</b> 30 <b>Midterm target:</b> 50 <b>Final target:</b> 70</p>



EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
4.0 Improved resilience of ecosystems and ecosystem services	4.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change	IEs/intermediaries	<p>The targets and baseline for this indicator shall be disaggregated by ecosystem type. The targets and baseline may examine, wherever possible, the impact on humans</p> <p>It is good practice to specify the concrete geographic area where the ecosystem is located</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. Disaggregation per ecosystem is provided</li> <li>2. Reference to the geographic area is provided</li> </ol> <p>The exact area (in ha) is clearly specified</p> <p><b>Examples of baseline and target setting in an ecosystem services project:</b></p> <p><i>Baseline: 0</i></p> <p><i>Midterm target: Restoration of 20,000 ha of productive rangelands in Region 3</i></p> <p><i>5,000 ha of degraded forest, woodland and savannahs transformed (including cultivated areas, fallow land and roadside verges) in Region 3</i></p> <p><b>Final target:</b></p> <p><i>Restoration of 50,000 ha of productive rangelands in Region 3</i></p> <p><i>10,000 ha of degraded forest, woodland and savannahs transformed (including cultivated areas, fallow land and roadside verges) in Region 3</i></p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. The geographic area is not specified</li> <li>2. No disaggregation per ecosystem is provided</li> </ol> <p><b>Example of incorrect baseline and target setting in an ecosystem services project:</b></p> <p><i>Baseline: 0</i></p> <p><i>Midterm target: 5,000 ha</i></p> <p><i>Final target: 10,000 ha</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	4.2 Value (USD) of ecosystem services generated or protected in response to climate change	IEs/ intermediaries	<p>The baseline shall be established through an economic analysis or analysis of previous scientific research and studies to determine the value the ecosystem is providing in the baseline case</p> <p>Targets shall be established based on data from scientific research or experience with similar projects in other countries or regions</p> <p>All relevant assumptions shall be described in the assumptions section and the economic analysis provided in an annex to the funding proposal</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. Reference to the key assumptions is provided</li> <li>2. Detailed analysis is provided in an annex to the funding proposal</li> </ol> <p><b>Example:</b></p> <p><i>Baseline: USD 1,000,000</i></p> <p><i>Midterm target: USD 5,000,000</i></p> <p><i>Final target: USD 10,000,000</i></p> <p><i>The assumptions section includes a list of the major assumptions, while the detailed analysis is annexed to the funding proposal</i></p>	<p><b>Common issues:</b></p> <p>Although the baseline and targets are provided, no information is available on how the baseline was established or the targets determined</p> <p><b>Example:</b></p> <p><i>Baseline: USD 1,000,000</i></p> <p><i>Midterm target: USD 5,000,000</i></p> <p><i>Final target: USD 10,000,000</i></p>
Project/programme outcomes					
	Number of technologies and innovative solutions transferred or licensed to promote climate resilience as a result of GCF support	IEs/ intermediaries	<p>The baseline and targets might include the number of technology transfer licences, the number of facilities created to produce local technologies, and/or projects/programmes that include transfer of technology and innovative solutions that support climate adaptation and resilience</p> <p>This indicator allows GCF support for technology transfer in the field to be tracked</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. A description of the types of technologies and measures is provided</li> <li>2. Disaggregation by measure and technology is conducted</li> </ol> <p><b>Example:</b></p> <p>An example from a project for potable water supply</p> <p><i>A total of 2 new measures and 1 technology</i></p> <p><b>Measures:</b></p> <ul style="list-style-type: none"> <li>• Water supply management plan</li> <li>• Infrastructure maintenance and operation plan</li> </ul> <p><b>Technology:</b></p> <ul style="list-style-type: none"> <li>• Solar-based water purification technology</li> </ul>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. No disaggregation is provided by technology and measure</li> <li>2. A description of the concrete measures or technologies is not provided</li> </ol> <p><b>Example:</b></p> <p>For the same example, incorrect target setting would be:</p> <p><i>3 new technologies and measures</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
5.0 Strengthened institutional and regulatory systems for climate-responsive planning and development	5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation	IEs/ intermediaries/ country	<p>This is a qualitative indicator and needs to be determined based on careful analysis of the country-specific circumstances. The indicator measures the institutional and regulatory systems that improve incentives for climate resilience and are accompanied by evidence of their effective implementation</p> <p>The evidence may be a qualitative assessment (e.g. through a standardized scorecard) of the various strategic plans and documents needed at regular intervals to observe changes in terms of climate change streamlining and quality</p> <p>There are several elements that need to be captured by the targets under this indicator:</p> <ul style="list-style-type: none"> <li>• New or modified institutional and regulatory systems as a result of the project interventions (which are the systems, what do they do, etc.?)</li> <li>• Types of incentives and their improvement</li> <li>• Integration of the incentives in the planning process (at the national or regional levels, for example)</li> <li>• Degree of effective implementation</li> </ul>	<p><b>Key points:</b></p> <p>This formulation of the target corresponds to the major requirements for this indicator, such as defining the type of incentive and mechanism (results-based payment), the integration of the mechanisms in the planning process and the measurement of effectiveness (through the increase of potable water supply by regional water supply companies)</p> <p><b>Example:</b></p> <p>For a hypothetical project for the development of a potable water supply system in county Y, the following target might be considered:</p> <p><i>Introduction of a new results-based payment system for regional water supply companies in XX regions of the country and an increase in the supply of potable water by regional water supply companies by 40% as a result of the development of at least 10 projects originally covered by the national water sector development plan</i></p>	<p><b>Common issues:</b></p> <p>The number of regulations does not provide sufficient information on whether incentives are improved and whether the new systems are effectively applied</p> <p><b>Below is a case of incorrect target setting for the same example:</b></p> <p><i>Number of new regulations developed as part of the project</i></p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	5.2 Number and level of effective coordination mechanisms	IEs/ intermediaries	<p>This indicator is both qualitative and quantitative. It seeks to measure evidence of measures taken for promoting coordination and synergy at the regional and international levels, including between and among relevant agencies and with regard to other multilateral environmental agreements</p> <p>It is important, when formulating targets, to look both into the number and type of mechanisms and their level of effectiveness. Regarding the level of effective coordination mechanisms, a scorecard approach is recommended, where the AE may define the different levels of effectiveness. The main assumptions made as part of the scorecard development should be reported in the assumptions section</p>	<p><b>Key points:</b></p> <ol style="list-style-type: none"> <li>1. The existing mechanisms in the baseline and their level of effectiveness is clearly identified</li> <li>2. The changes in the level of effectiveness between the midterm and final targets are captured</li> </ol> <p><b>Example:</b></p> <p>This is an example for a hypothetical potable water sector project:</p> <p><b>Baseline:</b> 1 mechanism related to the incorporation of potable water supply in regional planning exists, but is not operational (Effectiveness level 1)</p> <p><b>Midterm target:</b> 2 mechanisms related to the incorporation of potable water supply in regional planning exist, but are partially operationalized (Effectiveness level 2)</p> <p><b>Final target:</b> 2 mechanisms related to the incorporation of potable water supply in regional planning exist and are almost fully operational (Effectiveness level 3)</p>	<p><b>Common issues:</b></p> <p>The target does not specify the actual mechanisms and what they are related to, and does not explore the level of effective coordination</p> <p><b>Below is a case of incorrect target setting for the same example:</b></p> <p><b>Baseline:</b> 1 new coordination mechanism is introduced</p> <p><b>Midterm target:</b> 2 new coordination mechanisms are introduced</p> <p><b>Final target:</b> 2 new coordination mechanisms are introduced</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
6.0 Increased generation and use of climate information in decision-making	6.2 Use of climate information products/services in decision-making in climate-sensitive sectors	IEs/intermediaries	<p>This is a qualitative indicator that measures the use or uptake of climate information products and services, not the number of users. This indicator may refer both to decision-making processes at the national and regional levels, as well as at the community level</p> <p>Depending on the project circumstances, it is good practice to disaggregate the baseline and target by type of stakeholder (government, private sector, general population)</p> <p>This indicator is country-specific. It requires an in-depth analysis and, in some cases, a scorecard approach to capture the understanding of the political economy determining the decisions and the actual uptake of the results of the project</p> <p>The main difference between indicators 6.2 and 7.1 is that indicator 6.2 considers the decision-making process and how that process is affected by climate information products and services. On the other hand, indicator 7.1 measures the increase in adaptive capacity as a result of GCF-supported activities. Although there might be some overlap, it is important to note that the two indicators measure different processes and different outcomes</p>	<p><b>Key points:</b></p> <p>The targets focus on the integration of information in planning, but also on how this planning has been applied and the actual economic effect. In this way, the indicator shows the actual uptake of information and how this is translated into economic benefits</p> <p><b>Example:</b></p> <p>This is a hypothetical example for the use of data generated by meteorological stations and early warning systems in decision-making processes in the agriculture sector</p> <p><b>Baseline:</b> Climate information products are not used in decision-making in the agriculture sector</p> <p><b>Midterm target:</b> Annual agriculture sector plans are updated using data on the meteorological and early warning systems, and relevant sectoral and extension officers are trained in the application of the plans, leading to a reduction of losses in agricultural production amounting to USD 200,000/year</p> <p><b>Final target:</b> Annual agriculture sector plans are updated using data on the meteorological and early warning systems, and relevant sectoral and extension officers are trained in the application of the plans, leading to a reduction of losses in agricultural production amounting to USD 1,000,000/year</p>	<p><b>Common issues:</b></p> <ol style="list-style-type: none"> <li>1. Although the targets refer to the use of climate information products, no details are provided on how and where the climate information products are used</li> <li>2. The targets do not show the actual result (which is the other side of the uptake) of the use of the climate information products</li> </ol> <p><b>Example:</b></p> <p>This is a hypothetical example for the use of data generated by meteorological stations and early warning systems in decision-making processes in the agriculture sector</p> <p><b>Baseline:</b> 0 climate information products are used in decision-making</p> <p><b>Midterm target:</b> 1 climate information product is used in decision-making</p> <p><b>Final target:</b> 3 climate information products are used in decision-making</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
7.0 Strengthened adaptive capacity and reduced exposure to climate risks	7.1 Use by vulnerable households, communities, businesses and public sector services of GCF-supported tools, instruments, strategies and activities to respond to climate change and variability	IEs/ intermediaries	<p>This indicator is qualitative and/or quantitative in nature and country-specific. The qualitative aspects will require an in-depth analysis or a scorecard approach to determine the extent of progress</p> <p>This indicator is <u>not</u> on the <u>number of users</u>, but on the <u>use or uptake of the tools, strategies and activities</u></p> <p>Depending on the project circumstances, it is good practice to provide disaggregation by male- and female-headed households</p> <p>The main difference between indicators 6.2 and 7.1 is that indicator 6.2 considers the decision-making process and how that process is affected by climate information products and services. On the other hand, indicator 7.1 measures the increase in adaptive capacity as a result of GCF-supported activities. Although there might be some overlap, it is important to note that the two indicators measure different processes and different outcomes</p>	<p><b>Key points:</b></p> <p>The setting of this indicator may appear complex, but it captures clearly the extent (number of users) to which the GCF-supported tool (the newsletter is used in this example) is used, the number of users who have applied the information (the application of at least 1 measure from the newsletter) and a proxy of the use of that information (increase in income as a result of improved adaptive capacity)</p> <p>It is also important to note that the setting of the targets preserves both the quantitative (number of subscribers) and qualitative (increased income as a proxy for increased adaptive capacity) aspects of this indicator</p> <p><b>Example:</b></p> <p>A hypothetical example of a project issuing a newsletter introducing sustainable agricultural and fishing practices to residents in coastal areas in country A</p> <p><b>Baseline:</b> 0 subscribers to the Climate Vulnerability Newsletter</p> <p><b>Midterm target:</b> 1,000 subscribers to the Climate Vulnerability Newsletter</p> <p><b>Final target:</b> 2,500 subscribers to the Climate Vulnerability Newsletter</p>	<p><b>Common issues:</b></p> <p>The baseline and the targets focus only on the number of subscribers. However, the formulation of the targets does not allow the uptake of the GCF-supported tools (i.e. the newsletter) to be captured or how that information supports the strengthening of adaptive capacity</p> <p><b>Example:</b></p> <p>A hypothetical example of a project issuing a newsletter introducing sustainable agricultural and fishing practices to residents in coastal areas in country A</p> <p><b>Baseline:</b> 0 subscribers to the Climate Vulnerability Newsletter</p> <p><b>Midterm target:</b> 1,000 subscribers to the Climate Vulnerability Newsletter</p> <p><b>Final target:</b> 2,500 subscribers to the Climate Vulnerability Newsletter</p>

EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
	7.2 Number of males and females reached by (or total geographic coverage of) climate-related early warning systems and other risk reduction measures established/strengthened	IEs/intermediaries	<p>This is a gender-disaggregated quantitative indicator. At the same time, it is important that it considers the different aspects of the early warning systems, including: (i) knowledge on risks; (ii) monitoring and warning services; (iii) dissemination and communication; and (iv) response capability</p> <p>It is recommended that, wherever possible, the baseline and targets are disaggregated by hazard and geographical coverage</p> <p>The assumptions section shall describe the approach for measuring the number of males and females reached by the different elements of the early warning system</p>	<p><b>Key points:</b></p> <p>The baseline and targets consider the different aspects of the flood-related early warning system and provide gender disaggregation for each target</p> <p><b>Example:</b></p> <p>This is a hypothetical example of an early warning system project related to flooding events</p> <p><b>Baseline:</b></p> <ol style="list-style-type: none"> <li>1. Risk awareness (20,000 males, 20,000 females)</li> <li>2. Access to warning services (1,500 males, 1,500 females)</li> <li>3. Capacity for dissemination of flood-related information (200 males, 500 females)</li> <li>4. Response capacity in the case of flooding events (200 males, 100 females)</li> </ol> <p><b>Midterm target:</b></p> <ol style="list-style-type: none"> <li>1. Risk awareness (200,000 males, 200,000 females)</li> <li>2. Access to warning services (10,500 males, 10,500 females)</li> <li>3. Capacity for dissemination of flood-related information (2,000 males, 5,000 females)</li> <li>4. Response capacity in the case of flooding events (2,000 males, 1,000 females)</li> </ol> <p><b>Final target:</b></p> <ol style="list-style-type: none"> <li>1. Risk awareness (500,000 males, 500,000 females)</li> <li>2. Access to warning services (350,000 males, 350,000 females)</li> <li>3. Capacity for dissemination of flood-related information (50,000 males, 50,000 females)</li> <li>4. Response capacity in the case of flooding events (400,000 males, 400,000 females)</li> </ol>	<p><b>Common issues:</b></p> <p>The baseline and the targets focus only on the number of subscribers. However, the formulation of the targets does not allow the uptake of the GCF-supported tools (i.e. the newsletter) to be captured or how that information supports the strengthening of adaptive capacity</p> <p><b>Example:</b></p> <p>A hypothetical example of a project issuing a newsletter introducing sustainable agricultural and fishing practices to residents in coastal areas in country A</p> <p><b>Baseline:</b> 40,000 people</p> <p><b>Midterm target:</b> 400,000 people</p> <p><b>Final target:</b> 1,000,000 people</p>



EXPECTED RESULT	INDICATOR	REPORTING RESPONSIBILITY (ANNUAL REPORTING)	GUIDANCE	GOOD EXAMPLES	BAD EXAMPLES
8.0 Strengthened awareness of climate threats and risk-reduction processes	8.1 Number of males and females made aware of climate threats and related appropriate responses	IEs/ intermediaries	<p>This is a quantitative indicator disaggregated by gender. This indicator may be applied across the four different GCF adaptation results areas</p> <p>The assumptions section shall include a description of how the AE will define awareness of climate threats and related responses</p>	<p><b>Key points:</b> The baseline and targets are gender disaggregated and the assumptions are clearly described</p> <p><b>Example:</b> <b>Baseline:</b> 100,000 males 100,000 females</p> <p><b>Midterm target:</b> 500,000 males 500,000 females</p> <p><b>Final target:</b> 1,000,000 males 1,000,000 females</p> <p><b>Assumptions:</b> All males and females who have attended the project workshops or received the newsletter on climate risks are considered to be aware of climate threats and risk-reduction responses</p>	<p><b>Common issues:</b> Assumptions for defining awareness of climate threats are available but have not been described</p> <p><b>Example:</b> <b>Baseline:</b> 100,000 males 100,000 females</p> <p><b>Midterm target:</b> 500,000 males 500,000 females</p> <p><b>Final target:</b> 1,000,000 males 1,000,000 females</p>

Abbreviations: AE = accredited entity, FAO = Food and Agriculture Organization of the United Nations, IE = implementing entity.

For example, if a country applies the GWP from the Intergovernmental Panel on Climate Change Fifth Assessment Report, the GWP values for a 100-year time-horizon are provided here: <[https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5\\_Chapter08\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_Chapter08_FINAL.pdf)> (pp.731 – 737).



# ANNEX V: INDICATIVE TERMS OF REFERENCE – INTERIM/FINAL EVALUATION (CONSULTANT)

## I. PROJECT TITLE

Title

## II. DURATION

Number of working days: **X** working days in **Y** calendar days/months

Contract start date: **Date, Month, Year**

Contract end date: **Date, Month, Year**

## III. BACKGROUND/PROJECT DESCRIPTION

### General Project Background

Project intended results and measurements per the project logframe are outlined below:

- a. **Impacts**
- b. **Outcomes**
- c. **Outputs/Project Performance Management**

## IV. OBJECTIVES AND PURPOSE OF THE EVALUATION

In assessing implementation of the GCF Project and its alignment with FAA obligations and **AE project document**, the **interim/final** evaluation will take into consideration assessment of the project in line with the following evaluation criteria from the **GCF IEU TOR** (GCF/B.06/06) and draft GCF Evaluation Policy, along with **guidance** provided by the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC); noting that not all criteria need to be included and additional AE evaluation criteria can be assessed as applicable:

1. Relevance, effectiveness and efficiency of projects and programmes;
2. Coherence in climate finance delivery with other multilateral entities;
3. Gender equity;
4. Country ownership of projects and programmes;
5. Innovativeness in results areas (extent to which interventions may lead to paradigm shift towards low-emission and climate resilient development pathways);
6. Replication and scalability – the extent to which the activities can be scaled up in other locations within the country or replicated in other countries (this criterion, which is considered in document GCF/B.05/03 in the context of measuring performance could also be incorporated in independent evaluations); and
7. Unexpected results, both positive and negative.

## V. SCOPE AND FOCUS OF THE EVALUATION

### Scope of Work

In assessing the Project and its alignment to the broader FAA/AE project document, the **interim/final** evaluation will take into consideration the following criteria. Overall the questions are aligned with the GCF and AE/OECD DAC evaluation criteria and are provided as a general framework for the evaluation of the project in implementation, its progress, overall management, credibility of results/reporting and achievement of results and/or contributions towards expected results, inclusive of behavioural changes necessary to achieve the expected results.

### GCF Evaluation Criteria Outline

- 1. Relevance, effectiveness and efficiency of projects and programmes** – aligned with OECD DAC Relevance, Effectiveness and Efficiency criteria; seeks to assess the appropriateness in terms of selection, implementation and achievement of FAA/AE project document detailed logframe activities and expected results (outputs, outcomes and impacts);
- 2. Coherence in climate finance delivery with other multilateral entities** – looks at how GCF financing is additional and able to amplify other investments or de-risk and crowd-in further climate investment;
- 3. Gender equity** – ensures integration of understanding on how the impacts of climate change are differentiated by gender, the ways that behavioural changes and gender can play in delivering paradigm shift, and the role that women play in responding to climate change challenges both as agents but also for accountability and decision-making;
- 4. Country ownership of projects and programmes** – including concepts of OECD DAC Sustainability criteria; examines the extent of the emphasis on sustainability post project through country ownership; on ensuring the responsiveness of the GCF investment to country needs and priorities including through the roles that countries play in projects and programmes; and
- 5. Innovativeness in results areas** – focuses on identification of innovations (proof of concept, multiplication effects, new models of finance, technologies, etc.) and how changes that bring about paradigm shift can contribute or be attributed to GCF investment;
- 6. Replication and scalability** – including concepts of the OECD DAC Sustainability criteria; assesses the extent to which the activities can be sustained post project implementation and scaled up in other locations within the country or replicated in other countries and identification what are the explicit conditions/success factors that enable the replication or scalability; and
- 7. Unexpected results, both positive and negative** – identifies the challenges and the learning, both positive and negative, that can be used by all parties (governments, stakeholders, civil society, AE, GCF, and others) to inform further implementation and future investment decision-making.

### Evaluation Criteria Proposed Questions

Overall the following questions are intended to guide evaluators to deliver credible and trusted evaluations that provide assessment of progress and results achieved in relationship to the GCF investment, can identify learning and areas where restructuring or changes through adaptive management in project implementation are needed, and can make evidence-based clear and focused recommendations that may be required for enhancing project implementation to deliver expected results and to what extent these can be verified and attributed to GCF investment.

## RELEVANCE, EFFECTIVENESS AND EFFICIENCY

- Were the context, problem, needs and priorities well analysed and reviewed during project initiation?
- Are the planned project objectives and outcomes relevant and realistic to the situation on the ground?
- Is the project Theory of Change (TOC) and intervention logic coherent and realistic? Does the TOC and intervention logic hold or does it need to be adjusted?
- Do outputs link to intended outcomes which link to broader paradigm shift objectives of the project?
- Are the planned inputs and strategies identified realistic, appropriate and adequate to achieve the results? Were they sequenced sufficiently to efficiently deliver the expected results?
- Are the outputs being achieved in a timely manner? Is this achievement supportive of the TOC and pathways identified?
- What and how much progress has been made towards achieving the overall outputs and outcomes of the project (including contributing factors and constraints)?
- To what extent is the project able to demonstrate changes against the baseline (assessment in approved funding proposal) for the GCF investment criteria (including contributing factors and constraints)?
- How realistic are the risks and assumptions of the project?
- How did the project deal with issues and risks in implementation?
- To what extent did the project's M&E data and mechanism(s) contribute to achieving project results?
- Have project resources been utilized in the most economical, effective and equitable ways possible (considering value for money; absorption rate; commitments versus disbursements and projected commitments; co-financing; etc.)?
- Are the project's governance mechanisms functioning efficiently?
- To what extent did the design of the project help or hinder achieving its own goals?
- Were there clear objectives, TOC and strategy? How were these used in performance management and progress reporting?
- Were there clear baselines indicators and/or benchmark for performance measurements? How were these used in project management? To what extent and how the project apply adaptive management?
- What, if any, alternative strategies would have been more effective in achieving the project objectives?

## COHERENCE IN CLIMATE FINANCE DELIVERY WITH OTHER MULTILATERAL ENTITIES

- Who are the partners of the project and how strategic are they in terms of capacities and commitment?
- Is there coherence and complementarity by the project with other actors for local other climate change interventions?
- To what extent has the project complimented other on-going local level initiatives (by stakeholders, donors, governments) on climate change adaptation or mitigation efforts?

- How has the project contributed to achieving stronger and more coherent integration of shift to low emission sustainable development pathways and/or increased climate resilient sustainable development (GCF RMF/PMF Paradigm Shift objectives)? Please provide concrete examples and make specific suggestions on how to enhance these roles going forward.

#### GENDER EQUITY

- Does the project only rely on sex-disaggregated data per population statistics?
- Are financial resources/project activities explicitly allocated to enable women to benefit from project interventions?
- Does the project account in activities and planning for local gender dynamics and how project interventions affect women as beneficiaries?
- Do women as beneficiaries know their rights and/or benefits from project activities/interventions?
- How do the results for women compare to those for men?
- Is the decision-making process transparent and inclusive of both women and men?
- To what extent are female stakeholders or beneficiaries satisfied with the project gender equality results?
- Did the project sufficiently address cross cutting issues including gender?

#### COUNTRY OWNERSHIP OF PROJECTS AND PROGRAMMES

- To what extent is the project aligned with national development plans, national plans of action on climate change, or sub-national policy as well as projects and priorities of the national partners?
- How well is country ownership reflected in the project governance, coordination and consultation mechanisms or other consultations?
- To what extent are country level systems for project management or M&E utilized in the project?
- What level and types of involvement for all Is the project as implemented responsive to local challenges and relevant/appropriate/strategic in relation to SDG indicators, National indicators, GCF RMF/PMF indicators, AE indicators, or other goals?
- Were the modes of deliveries of the outputs appropriate to build essential/ necessary capacities, promote national ownership and ensure sustainability of the result achieved?

#### INNOVATION IN RESULTS AREAS

- What role has the project played in the provision of "thought leadership," "innovation," or "unlocked additional climate finance" for climate change adaptation/mitigation in the project and country context? Please provide concrete examples and make specific suggestions on how to enhance these roles going forward.

#### REPLICATION AND SCALABILITY

- What are project lessons learned, failures/lost opportunities to date? What might have been done better or differently?
- How effective were the exit strategies and approaches to phase out assistance provided by the project including contributing factors and constraints

- What factors of the project achievements are contingent on specific local context or enabling environment factors?
- Are the actions and results from project interventions likely to be sustained, ideally through ownership by the local partners and stakeholders?
- What are the key factors that will require attention in order to improve prospects of sustainability, scalability or replication of project outcomes/outputs/results?

## UNEXPECTED RESULTS

- What has been the project's ability to adapt and evolve based on continuous lessons learned and the changing development landscape? Please account for factors both within the AE/EE and external.
- Can any unintended or unexpected positive or negative effects be observed as a consequence of the project's interventions?
- What factors have contributed to the unintended outcomes, outputs, activities, results?

## VI. METHODOLOGY

The **interim/final** evaluation should be aligned with the principles established in GCF's (draft) *Evaluation Policy* and pending GCF guidance on conflicts of interest in evaluation, *UNEG Code of Conduct for Evaluations*, that include but are not limited to: impartiality, objectivity, independence; relevance, utility, credibility, measurability, transparency, ethics, and partnerships.

The **interim/final** evaluation should seek to the extent possible to be inclusive and participatory, involving principal stakeholders and beneficiaries in the analysis. During the **interim/final** evaluation, the consultant is expected to apply the following approaches for data collection, analysis and triangulation of evidence for validation.

- Desk review of relevant documents including baseline studies, progress reports and any records of surveys conducted during the Project, stakeholder maps, etc.;
- Survey/Questionnaires, focus groups or key informative interviews with relevant stakeholders, beneficiaries, EE's, possibly national and or local Governments, and where relevant other development partners;
- Data collection as needed (government data/records, field observation visits, CDM verifications, public expenditure reporting, GIS data, etc.) to validate evidence of results and assessments (including but not limited to: assessment of TOC, activities delivery, and results/changes occurred)

During the implementation of the contract, the Evaluator will report to the **XXX**, who will provide guidance and ensure satisfactory completion of **interim/final** Evaluation deliverables. There will be coordination with the project team who will assist in connecting the Evaluator with senior management, government and development partners, beneficiaries and other relevant key stakeholders. In addition, the project team will provide key project documentation prior to fieldwork, and assist in developing a detailed programme to facilitate consultations as necessary.

## VII. EXPECTED OUTPUTS AND DELIVERABLES

The consultant is expected to deliver the following outputs:

- Inception report on proposed evaluation methodology, work plan and structure of the report
- A draft preliminary evaluation report and presentation, to be presented at a debriefing meeting with the AE and EE project teams

- Final report, including a 2-3 page executive summary, a set of limited and strategic recommendations (not to exceed 10 recommendations total), and response addressing issues raised during presentation of draft.
- Lead a validation meeting for the **interim/final** evaluation of the final report

The Project **interim/final** evaluation report should include the following structure in its structure:

- Executive summary;
- Introduction (including context, scope, methodology);
- Key strategic findings and conclusions: Where relevant and possible, specifically outline role, impact and issues in project assistance/implementation;
- Recommendations (corrective actions for on-going or future work and where relevant if major changes are considered necessary to ensure delivery of expected results as per the FAA with the GCF);
- Summary review matrix/project RRF and achievement by objectives and outputs (triangulated with evidence and data);
- Annexes (mission reports, list of interviewees, list of documents reviewed, data sources used, etc.)

## VIII. DURATION OF THE WORK AND MANAGEMENT ARRANGEMENTS

The detailed schedule of the evaluation and length of the assignment will be discussed with the Evaluator prior to the assignment. The estimated duration of the Consultants' assignment is up to **X** working days within **Z** calendar days: Desk review and inception (**X** days within one month); Field Work and Preliminary Report (**X** days within **Y** months); Final Report (**X** days with in one month).

	OUTPUT	TIMELINE	% OF PAYMENT	TARGET DATE
1	Inception report on proposed <b>interim/final</b> evaluation methodology, work plan, interview list, and proposed structure of the report	Within 15 days of contracting	20%	
2	A draft preliminary <b>interim/final</b> evaluation report and presentation, to be presented at a debriefing meeting	Within 10 days after conclusion of necessary meetings, field visits and data collection	30%	
3	Final <b>interim/final</b> evaluation report	Within 15 working days after receipt of comments on the draft report	50%	
TOTAL:			100%	

## IX. QUALIFICATIONS

Competencies:

**XXX**

Qualifications and Professional Experience

**XXX**

## X. APPLICATION PROCESS AND CRITERIA FOR SELECTION

## ANNEX VI: MINIMUM ITEMS TO BE ADDRESSED IN SECTION B.3 (PROJECT/ PROGRAMME DESCRIPTION) OF FUNDING PROPOSAL

1. Is the information provided in Section B.3 structurally (i.e. number and hierarchy of project components, sub-components, outputs, activities, etc.) and descriptively (i.e. objective, title and description of the project) consistent with Section E (Logical Framework)?
2. Is the objective of the project clearly stated?
3. Are all of the project components, sub-components, outputs and activities listed and numbered?
4. For each component, have all the underlying outputs and activities been clearly described?
5. Where relevant, does the project description clearly indicate the types of financial instruments (e.g. grant, loan, guarantee or equity investment) to be financed and implemented under the project, with both GCF financing and Co-financing? Are those financial instruments to be used by the GCF within the accreditation scope of the AE?
6. Does the project description clearly indicate the types of expenditures (e.g., Goods, Services, civil works, sub-grants, sub-loans, etc.) to be financed under the project? In the case of on-lending and/or on-granting, are those types of expenditures within the accreditation scope of the AE? Are such expenditures consistent with the budget?
7. Are the final beneficiaries of the project/programme activities, including final recipients of GCF funding and Co-financing (if any), clearly identified?
8. Are there any eligibility criteria to be applied in the implementation of the project activities; for example, for the selection of sub-projects, beneficiaries, sites, etc.? If yes, have the eligibility criteria been clearly listed? If not described in the FP, are the eligibility criteria contained in other annexes of the FP package such as in the Feasibility Study? Please see Box A1 for more information on what eligibility criteria are.

### BOX A1. ELIGIBILITY CRITERIA FOR SECTION B.3 OF FUNDING PROPOSAL

#### What are eligibility criteria?

In some projects/programmes, certain beneficiaries, activities, interventions and investments will be selected by the Executing Entity during the implementation period. For example, a project/programme may involve making sub-grants or sub-loans to certain beneficiaries, making interventions in certain sites/locations, or financing certain types of sub-projects.

In such cases, the FP must set out clear and comprehensive eligibility criteria according to which those sub-grants, sub-loans, project/programme beneficiaries, sites/locations and/or sub-projects are to be selected in order to be financed under the project/programme.

Such eligibility criteria provide the basis and investment framework which enables the GCF to assess the proposed project/programme and make an investment decision, and ensure that the project/programme intervention is targeted in a way that seeks to achieve the intended outcomes.

Not all projects/programmes need to have eligibility criteria. The requirement to have eligibility criteria is assessed on a case-by-case basis for projects/programmes where the sub-grants, sub-loans, project/programme beneficiaries, site/locations and/or sub-projects are not identified in the FP.

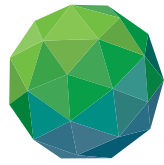
Eligibility criteria must be clear, objective and specific so that there is certainty as to how the sub-grants, sub-loans, project/programme beneficiaries, site/locations and/or sub-projects are to be identified.











GREEN  
CLIMATE  
FUND