
ELEMENTS

01

Essential knowledge about GCF

gcfund.org

Engaging with the Green Climate Fund

A resource guide for national designated authorities
and focal points of recipient countries

What are NDAs and focal points?

Become an accredited entity

Review GCF's investment criteria



GREEN
CLIMATE
FUND

Proposal approval step-by-step

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Engaging with the Green Climate Fund

A resource guide for national designated authorities
and focal points of recipient countries

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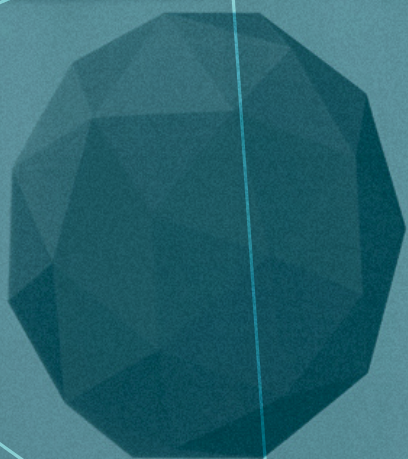
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GREEN CLIMATE FUND

Introduction

00

This resource guide is designed primarily for national designated authorities (NDAs) and focal points of the Green Climate Fund from recipient countries to assist them in understanding the operational modalities of the Fund, and their respective roles and responsibilities in relation to their country's engagement with GCF.

Additional guides are under development in addition to materials currently available on the website: gcfund.org.

The Fund has established a regionalised programme for readiness and preparatory support with advisors located in Africa, Asia, and Latin America. This is to ensure more on-the-ground support for countries and delivery of readiness support that is tailored to countries' unique regional contexts.

“The purpose of the Green Climate Fund is to make a significant and ambitious contribution towards the global efforts to combat climate change.”



Part I: Engaging with the Fund

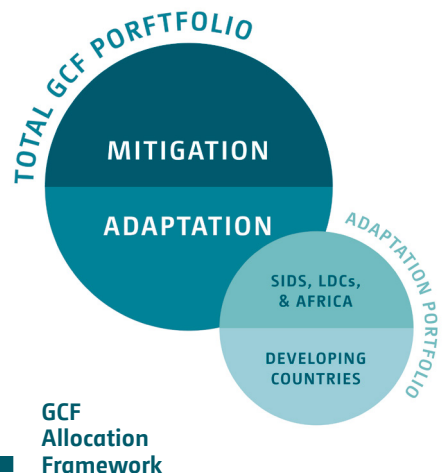
01

The Green Climate Fund is an international fund created to support low-emission and climate-resilient investments in developing countries. Its purpose is to make a significant and ambitious contribution to combat climate change. By engaging with the Fund, people, enterprises and ecosystems in developing countries will become more resilient to the adverse impacts of climate change, and reduce emissions that exacerbate climate change.

I. What will the Fund support?

The Fund will finance low-emission (mitigation) and climate-resilient (adaptation) projects and programmes developed by the public and private sector to contribute to the sustainable development goals of countries. In doing so, it will aim to equally balance its allocation between adaptation and mitigation over time, and allocate significant resources to the private sector. It will also aim to allocate at least half of its resources for adaptation for countries that are particularly vulnerable to the impacts of climate change. These countries will include least developed countries (LDCs), small island developing States (SIDS) and African States.

Forests play a vital role in the global carbon cycle. Forests absorb carbon through photosynthesis and sequester it as biomass, thus creating a natural storage of carbon.

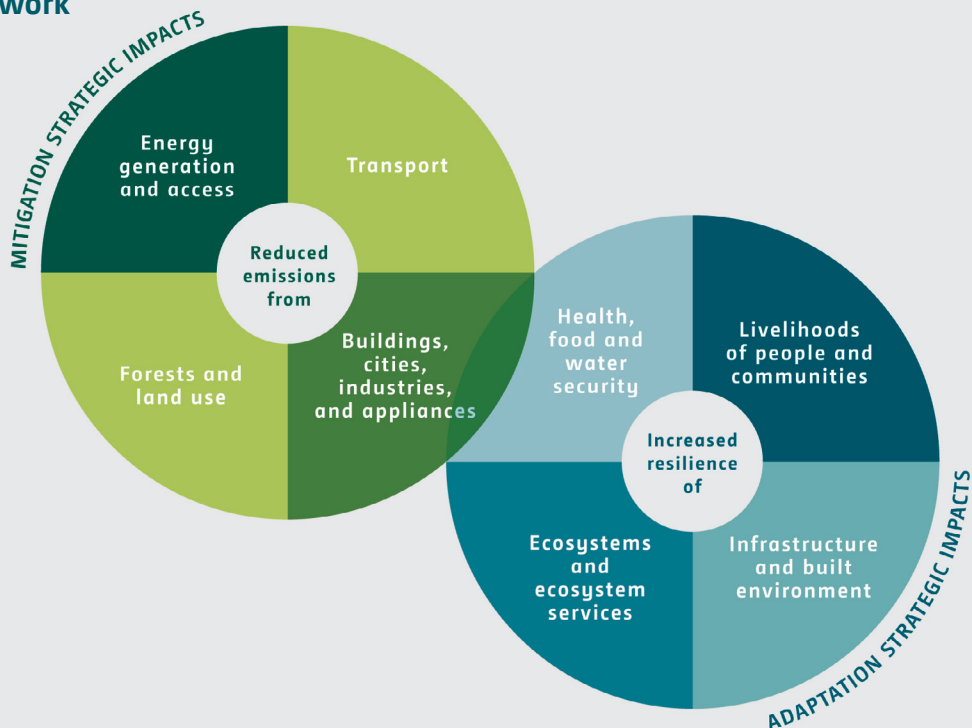


The Fund is meant to finance projects and programmes in line with its [Results Management Framework](#) (RMF), which defines eight strategic impacts to be achieved at the Fund level, four mitigation and four adaptation.

Based on further analysis by the Fund, additional opportunities were identified in climate-compatible cities, sustainable agriculture, forestry, resilience and energy generation and access.

Figure 1.
**Results
Management
Framework**

8 strategic impact areas



In addition to strategic impacts, the Fund also defines project/programme level outcomes within its RMF and has a [Performance Measurement Framework](#) that specifies the indicators to be used to measure progress against the Fund's RMF. The Fund will also actively promote synergies across areas of adaptation and mitigation wherever possible, and promote environmental, social, economic, and development co-benefits, and take a gender-sensitive approach.

Cities are home to the majority of the planet's population. The urban population in 2014 accounted for 54% of the total global population, up from 34% in 1960. With 70% of the world's greenhouse gas emissions coming from cities, they present the greatest opportunities for action.



What is readiness and preparatory support?

The Fund provides support for readiness and preparatory activities to enhance country ownership and access during the early stages of its operationalization. It is a dedicated and cross-cutting programme intended to maximise the effectiveness of the Fund by empowering developing countries. Readiness and preparatory support activities are not one-off measures, but rather an ongoing and iterative process to strengthen a country's engagement with the Fund.

Developing countries will have access to readiness and preparatory support best suited to meet their needs and circumstances. The Fund will focus its support on particularly vulnerable countries, including small island developing States (SIDS), least developed countries (LDCs) and African States by aiming for a minimum of 50 percent to be spent in these countries.

The Fund has a total amount of US\$ 15 million available to immediately provide such support to countries. Support for these activities in individual developing countries is capped at US\$ 1 million per calendar year. This support may be delivered to countries through a wide range of delivery partners with relevant expertise and experience as well as through NDAs or focal points directly.

II. How can countries engage with the Fund?

There are three key steps to engage with the Fund:

1. **Establish and maintain a national designated authority (NDA) or focal point.** A national designated authority or focal point is the core interface between a country and the Fund. It seeks to ensure that activities supported by the Fund align with strategic national objectives and priorities, and help advance ambitious action on adaptation and mitigation in line with national needs. (For further details including the role of NDAs/focal points and support available please see [page 16](#).)
2. **Identify and seek accreditation of entities to access resources from the Fund.** The Fund will channel its resources through a network of public, private and non-governmental institutions operating at sub-national, national, regional and international levels that meet the Fund standards. These institutions need to be aligned with the Fund's objectives and meet its fiduciary standards and environmental and social safeguards through a process of accreditation. A key role of NDAs and focal points is to provide letters of nomination to direct access entities. (For further details and support available, see [page 22](#).)
3. **Develop projects and programmes to bring forward for funding through accredited entities.** The Fund will finance projects and programmes in the public and the private sector that contribute towards achieving at least one of the eight strategic impacts of the Fund described on [page 10](#). Proposals from accredited entities for projects and programmes will be considered against the Fund's investment framework, and in partnership with NDAs and focal points. (For further details and support available please see [page 26](#).)


III. How is the Fund organized?

The Fund was established by 196 sovereign governments that are Parties to the UN Framework Convention on Climate Change (UNFCCC) and is guided by the Conference of the Parties (COP) to the Convention. It is governed by a Board with 24 members from developed and developing countries, which is accountable to the COP.

A secretariat, headed by an Executive Director and a team of professional staff, manages the day-to-day operations of the Fund. The World Bank currently serves as the interim trustee to manage the financial assets of the Fund. Both GCF and the trustee are accountable to the Board.

The mandate of the Fund is to make a significant and ambitious contribution to combating climate change by promoting a paradigm shift towards low-emission and climate-resilient development pathways. It is meant to become the main global fund to catalyse climate change finance at national, regional and international levels, and is already the largest specialised climate fund in operation.

The Fund will play a significant role in channelling new concessional climate finance. It will also have a risk appetite that is consistent with its mandate of promoting a paradigm shift in the financing of new investments by government, private sector and non-governmental actors in developing countries.



Balanced Governance

The GCF Board governs and supervises the Fund and has full responsibility for all funding decisions.

The Board is composed of 24 members with equal representation between developing and developed countries, which is a unique feature among international finance institutions.

PARADIGM SHIFT

“The Fund will finance projects and programmes that demonstrate the maximum potential for a paradigm shift towards low-emission and climate-resilient sustainable development.”

COUNTRY DRIVEN

“GCF will pursue a country-driven approach, and promote and strengthen engagement at the country-level through effective involvement of relevant institutions and stakeholders.”

IV. How does the Fund add value within the international climate finance architecture?

The Fund strives to ensure it adds value relative to other funds and financial institutions with similar low-emission, climate-resilient development objectives. It provides added value in six key ways:

1. **Maximize country ownership:** The Fund has a growing network of 120+ country NDAs and focal points, half of which are already engaged with the Fund to receive financial readiness and preparatory support. This aligns with the Fund’s country-driven approach: empowering countries to effectively involve relevant institutions and stakeholders to identify transformational projects, programmes and partners.
 2. **Balance between adaptation and mitigation:** The Fund aims to achieve an equal allocation of its resources towards mitigation and adaptation, while ensuring that at least half of the funding for adaptation is for the vulnerable countries, including SIDS, LDCs and African States.
 3. **Balanced governance with equal voice for contributors and recipients:** The Fund’s flexible business model provides developing countries, the private sector and non-governmental actors with direct access to concessional funds, aiming to achieve the greatest impact in terms of climate change mitigation and adaptation in the context of sustainable development.
 4. **Diversity of partners:** Some 46 entities globally have already applied for accreditation, including sub-national, national, regional and international public, private and non-governmental entities, and seven of them have been accredited to date. The diversity of entities and accreditation pathways available under the Fund underscores its unique “fit for purpose” accreditation approach, which maximizes the range of transformational partners countries can work with.
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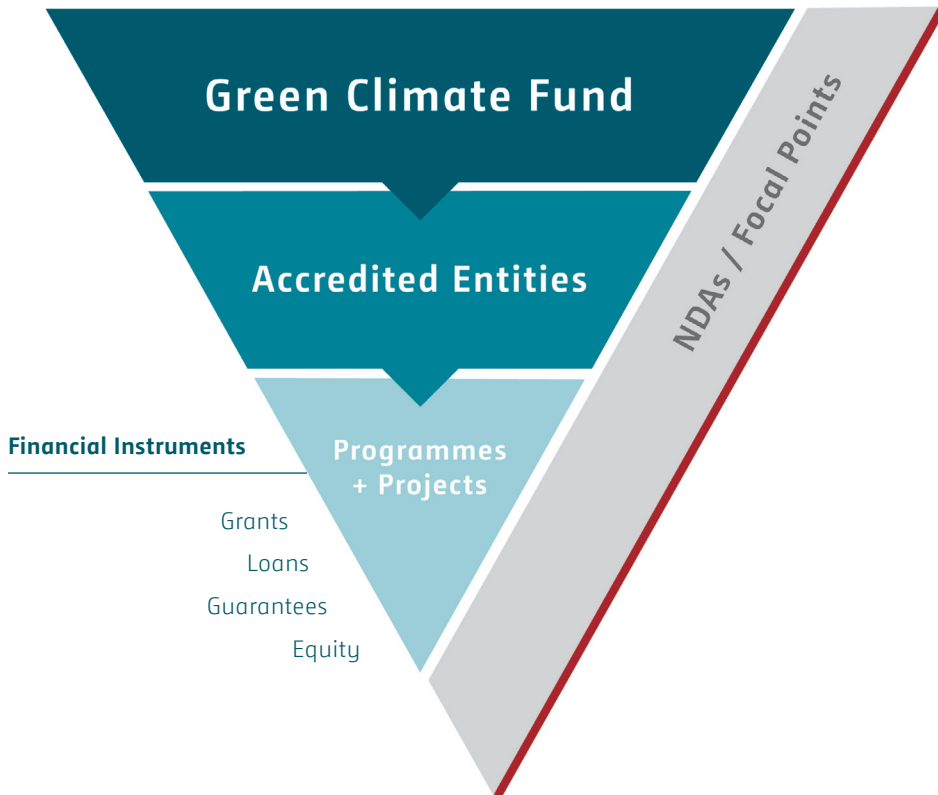
5. **Diversity of financial instruments:** Accredited entities can undertake mitigation and adaptation activities and deploy the Fund's resources using a variety of financial instruments including grants, loans with high and low concessionality, guarantees and equity. Target projects and programmes include those that best achieve the Fund's objectives with minimum concessionality, and that unlock and crowd in private sector investments in low-emission, climate resilient activities.
6. **Largest dedicated climate Fund globally:** The Fund has secured more than US \$10 billion equivalent in pledges from 33 countries so far. It continues to mobilize resources on an ongoing basis.

Through these unique approaches, the Fund will set itself apart and catalyse a paradigm shift in the development pathways of its recipient countries. It will put them on a trajectory more compatible with a changing climate, and make them more resilient and responsive to it.

The installation of sea walls and barriers along coastlines help limit flooding and storm surges as a result of rising sea levels due to climate change.



GCF Architecture



Canal-based irrigation systems can bring water resources to farmlands and for public uses, including as drinking water.



Purpose of readiness and preparatory support for NDAs and focal points

To establish and strengthen NDAs and focal points including:

- NDA or focal point selection
- Awareness raising
- Institutional strengthening
- Stakeholder engagement
- Supporting appropriate oversight of Fund activities at country level

To develop strategic frameworks for national engagement with the Fund including:

- Identifying national investment priorities
- Country programme development
- Strengthening national plans (e.g. national strategies, NAPA, NAP, NAMA)

Part II: NDAs and focal points

Selecting an NDA or focal point

Selecting a national designated authority or focal point is the first major step in engaging with the Fund. Countries may choose to mandate a focal point while undertaking a process for selecting and identifying an appropriate NDA. Where special circumstances require that a country mandate a focal point, it will fulfil responsibilities until the NDA is selected. There is also flexibility as to the location, structure, operation and governance of NDAs or focal points. Further, the Fund requires that a legal opinion on the status and authority of the NDA or focal point. A template for this can be provided by the Fund upon request.

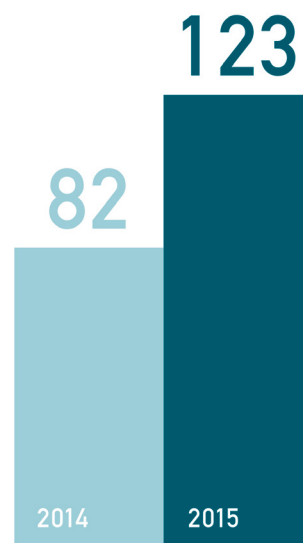
The NDA or focal point will serve as the point of communication with the Fund. Its mandate and responsibilities cover a range of functions, which will require it to have the requisite capacities to fulfil these functions.

(i) Mandate and responsibilities (See Figure 2)

- **Provide broad strategic oversight of the Fund's activities in their country.** This includes ensuring alignment with national sustainable development objectives and frameworks including climate strategies and policies, e.g. National Adaptation Programmes of Action (NAPA), Nationally Appropriate Mitigation Actions (NAMAs), National Adaptation Plans (NAPs), etc. The Fund readiness programme is able to provide support to develop or strengthen such strategic frameworks, including the development of country programmes to identify strategic priorities for engagement with the Fund.

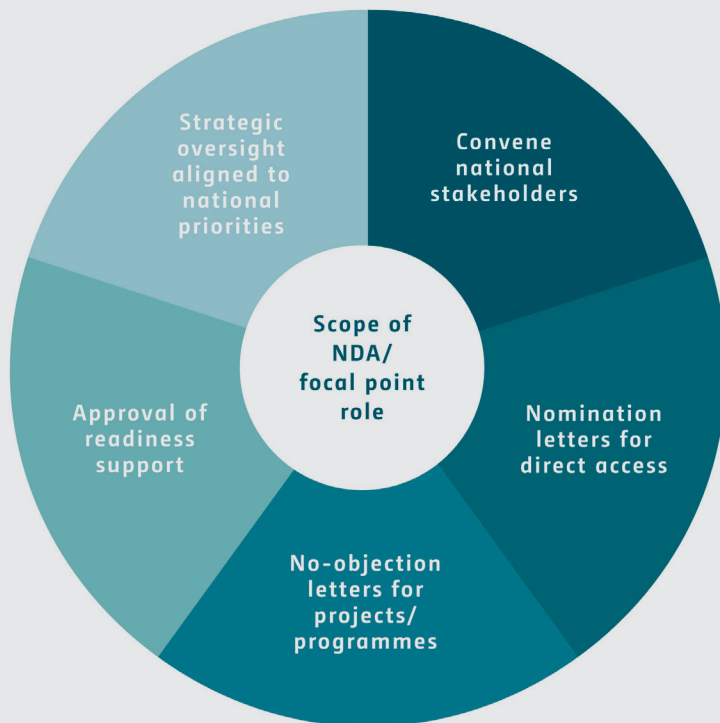
- Convene relevant public, private and civil society stakeholders to identify priority sectors to be financed by the Fund.** Stakeholders include other relevant government entities at national and sub-national levels, civil society, project developers, private sector actors, financial institutions and communities, including vulnerable groups, women and indigenous peoples, who will be affected by the Fund's activities. NDAs and focal points are encouraged to consult such stakeholders in preparing their country programme. The Fund's best practice guidance for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals is included in Annex 2.
- Communicate nominations / no objection of entities (sub-national, national or regional, public and private) seeking accreditation to the Fund under the 'direct access' track.** One of the initial responsibilities of an NDA or focal point is to engage with potential public, private sector and non-governmental entities and nominate such entities for accreditation to the Fund. Applications from sub-national, national or regional entities wishing to become accredited via the direct access track need to be accompanied by a nomination letter from the relevant NDA or focal point. A template for the letter can be found [here](#).
- Implement the no-objection procedure on funding proposals submitted to the Fund to ensure consistency of funding proposals with national climate change plans and priorities.** The no-objection is provided to GCF by the NDA or focal point in conjunction with any submission of a funding proposal by an accredited entity of the Fund. In case a proposal is submitted without the no-objection letter, GCF will notify the NDA or focal point and will only submit the proposal to the Board if the no-objection is received within 30 days of the notification, or the proposal will be suspended and the accredited entity notified. Details on the no-objection procedure are included in Annex 3.

**Total number
of selected
NDAs and
Focal Points**



- **Provide leadership on the deployment of readiness and preparatory support funding in the country.** The NDA or focal point may directly benefit from the funding or select international, regional, national and sub-national, public, private or non-governmental institutions well-versed in readiness activities as their delivery partners. The Fund may also deploy readiness and preparatory support to prospective sub-national, national or regional entities seeking accreditation with the Fund to prepare them to apply for accreditation, and to accredited entities to develop project and programme pipelines. The indicative list of activities for which an NDA or focal point may directly benefit from the funding is included in Annex 4.

Figure 2. Key roles and functions of NDAs and focal points designated by countries.



(ii) Recommended capacities of the NDA or focal point

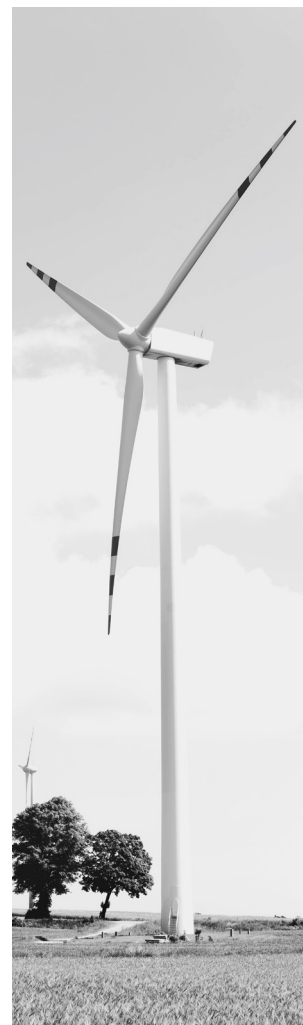
The Fund recommends the NDA or focal point be placed within a ministry or authority conversant with the country's national budget, economic policies and their interrelation with climate change-related priorities and development plans. The selected institution should ideally have a mandate that enables it to work on and influence an appropriate combination of economic policy and development planning, along with climate change, energy, sustainability and environmental resource management priorities, strategies and plans.

Where this combination is not possible, the Fund recommends that the NDA or focal point be in a position to lead and coordinate a **country coordination mechanism** that allows for an overview of key sectors as they relate to the country's climate change strategies and plans. The ability to convene representative stakeholders across these priority areas is a critical function of an NDA or focal point.

The Fund's best practice guidelines provides further information to help countries select the most appropriate institution to be designated as NDA or focal point with a view to ensuring effective implementation of the Fund's mandate see Annex 1.

In order for the Fund to operate effectively, it anticipates to enter into bilateral agreements with countries, confirming privileges and immunities (P&Is). If a bilateral agreement is yet to be concluded, countries may wish to consider entering into an ad hoc arrangement with the Fund on P&Is. The NDA is expected to play a supportive role in the discussions with relevant authorities on the confirmation of P&Is to the Fund, as per its governing instrument.

According to the International Energy Agency, wind power could generate up to 18% of the world's electricity by 2050, compared with less than 3% today.



Linking country strategic priorities to the Fund

Many countries are already engaged in low emission, climate resilient development. For example, a country may be considering new transport systems with low emissions, increased resilience, and which provide faster journeys to work with economic benefits. Stakeholders including the government, private sector and others may already be working collaboratively. But such infrastructure requires long-term financing and existing commercial and development financing institutions may not be able to adequately meet the financing needs. The Fund can play a role in providing finance on terms that will allow such investments to be made financially viable.

In some cases, particularly in the private sector, new business models will need to be developed to unlock barriers to investment. Energy efficiency investments present such an opportunity for countries, and the Fund can support the piloting of such new and innovative models and the scaling up of successful models.

Alternatively, a priority may be to improve resilience in the face of more frequent and intense severe weather events such as flooding. The government may be improving early warning systems to get people out of harm's way and implementing flood protection programmes to prevent or lessen future damage. The private sector may also be acting by building more resilient homes. The Fund can supplement the efforts of government and the private sector to extend the coverage of such initiatives to make vulnerable populations more resilient and also protect against economic losses.

Such possibilities exist in every sector of the economy and society. The Fund offers added value to recipient countries to remove trade-offs between development and climate action. Working with government, development banks, the private sector and civil society, the Fund can help find such possibilities and make them possible.

Bus rapid transit provides a low-cost, energy-efficient and pollution-reduction solution to urban transport



03

Part III: Accredited entities and the Fund

The Fund will work through a wide range of entities to channel its resources to projects and programmes. Such entities may be international, regional, national or subnational; public, private or non-governmental institutions that meet the standards of the Fund. Countries may access the Fund through multiple entities simultaneously. An information pack to the accreditation process and requirements can be found [here](#). To date, a total of 7 entities have been accredited to the Fund following the ninth meeting of the Board in March 2015. These entities include:



1. **Centre de suivi écologique (CSE) from Senegal**, which focuses on combating desertification and protecting coastal areas;

PROFONANPE

2. **Fondo de Promoción de las Áreas Naturales Protegidas del Perú (PROFONANPE)** that specializes in funding biodiversity conservation and managing protected areas;



3. **The Secretariat of the Pacific Regional Environment Programme (SPREP)**, based in Samoa, which focuses on protection and sustainable development of the Pacific region's environment;



4. **Acumen Fund, Inc. (Acumen)**, a social impact investment fund that works on improving the lives of low income communities in Africa and Asia, especially in healthcare, agriculture and clean energy;



5. **Asian Development Bank (ADB)**,



6. **Kreditanstalt für Wiederaufbau (KfW)**, and the



7. **United Nations Development Programme (UNDP)**.

The Fund encourages accredited entities to make contact in an early stage with the respective NDA or focal point of a country when they intend to operate in that country. The Fund can assist in facilitating contact with the accredited entities.

I. What will accredited entities do?

Accredited entities may carry out a range of activities, including:

- Developing and submitting funding proposals for projects and programmes;
- Overseeing management and implementation of projects and programmes;
- Deploying a range of financial instruments within their respective capacities (grants, concessional loans, equity & guarantees); and
- Mobilizing private sector capital.

The accreditation process is designed to ensure that accredited entities have the ability to manage the Fund's resources in line with best-practice [fiduciary standards](#) for the scale and type of funding sought, as well as the ability to manage [environmental and social risks](#) that may arise at the project level.

II. How can prospective entities be accredited?

An interested entity will need to submit a completed application through the Fund's [Online Accreditation System \(OAS\)](#) consistent with the Fund's fit-for-purpose accreditation approach. This approach recognises the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities in advancing the objectives of the Fund. The accreditation approach accommodates this diversity by matching the nature, scale and risk of intended activities to the application of the fiduciary standards and environmental and social safeguards.

Subnational, national, and regional entities, public or private, applying for accreditation will need to submit a nomination letter from an NDA or focal point as a part of their application for accreditation. A template of the nomination letter can be found [here](#).

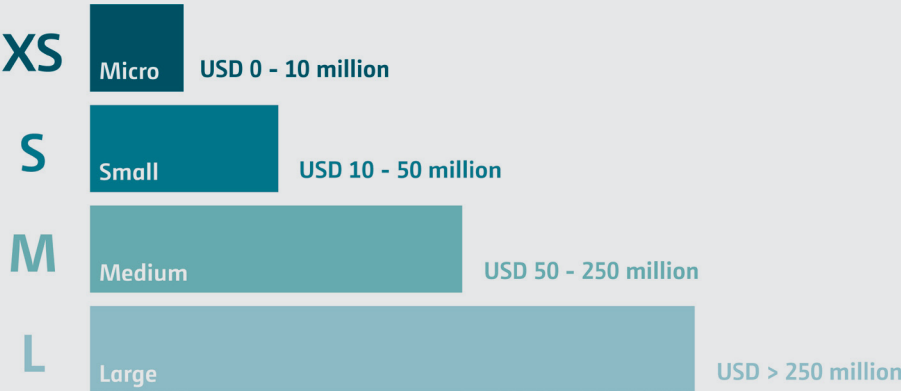
Solar photovoltaic (PV) systems directly convert solar energy into electricity. At the end of 2014, an estimated 177 GW of PV systems have been installed worldwide.

The application will be assessed for its completeness. Additional information about the application may be requested at any time during the process. Once an application is found to be complete, it will be reviewed by the Fund’s Accreditation Panel, and if found to meet the Fund’s accreditation requirements, recommended to the Fund’s Board for a decision. Upon approval by the Board, the Fund will enter into legal arrangements with the accredited entity.

During the accreditation process the track record and demonstrated capacity of an applicant entity to manage projects or programmes of different risk categories will be reviewed. The result of the accreditation process will specify:

- (a) The intended project size that the accredited entity may undertake: micro (USD 0 - 10 million), small (USD 10 - 50 million), medium (50 - 250 million), large (> 250 million);
- (b) The fiduciary functions the accredited entity may undertake, which will shape how it operates using the Fund’s resources (e.g. grants, loans, guarantees, equity), and
- (c) The maximum level of environmental and social risk of its intended projects: Category A (high risk), Category B (medium risk), Category C (low risk).

Figure 3. GCF Project Sizes



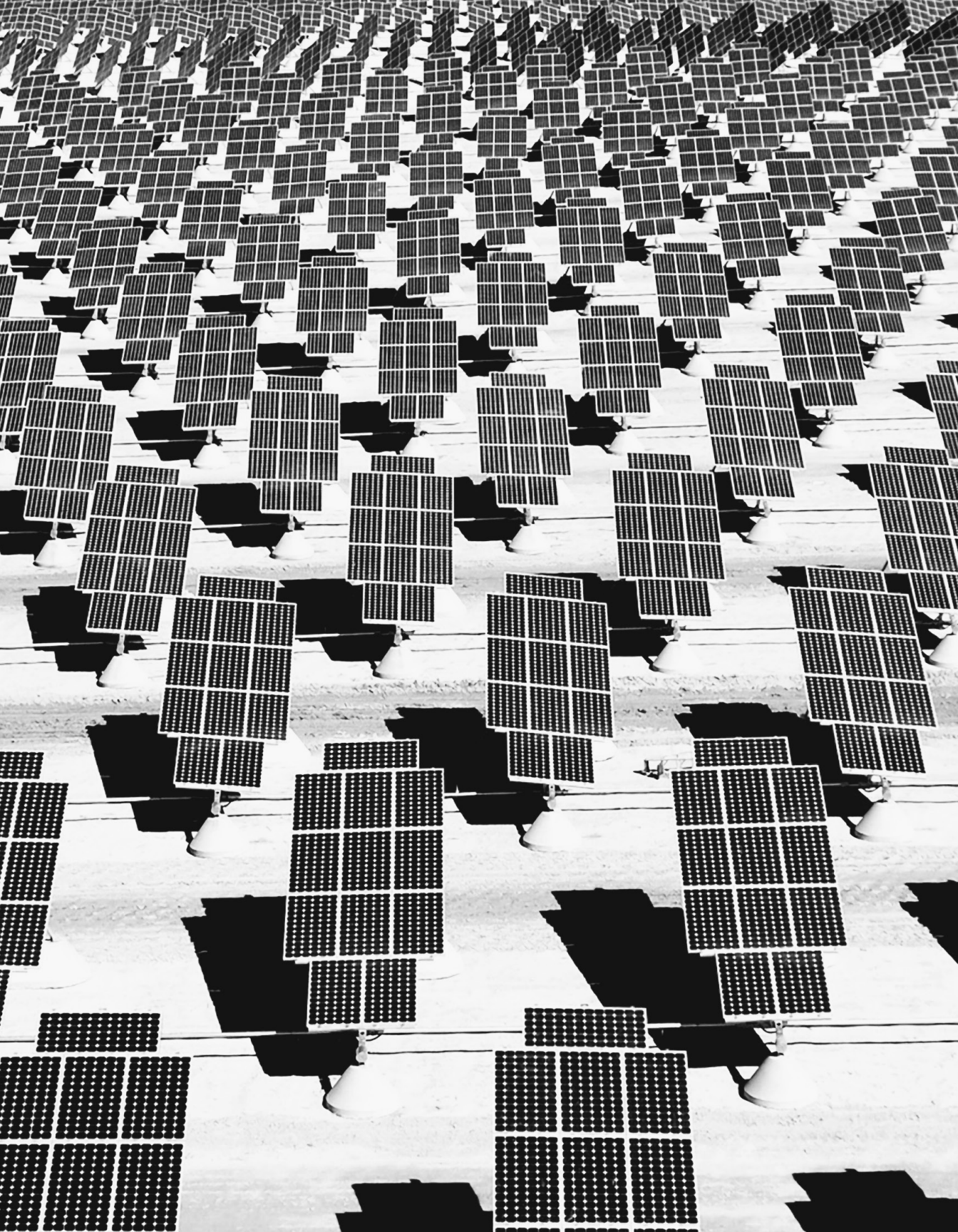
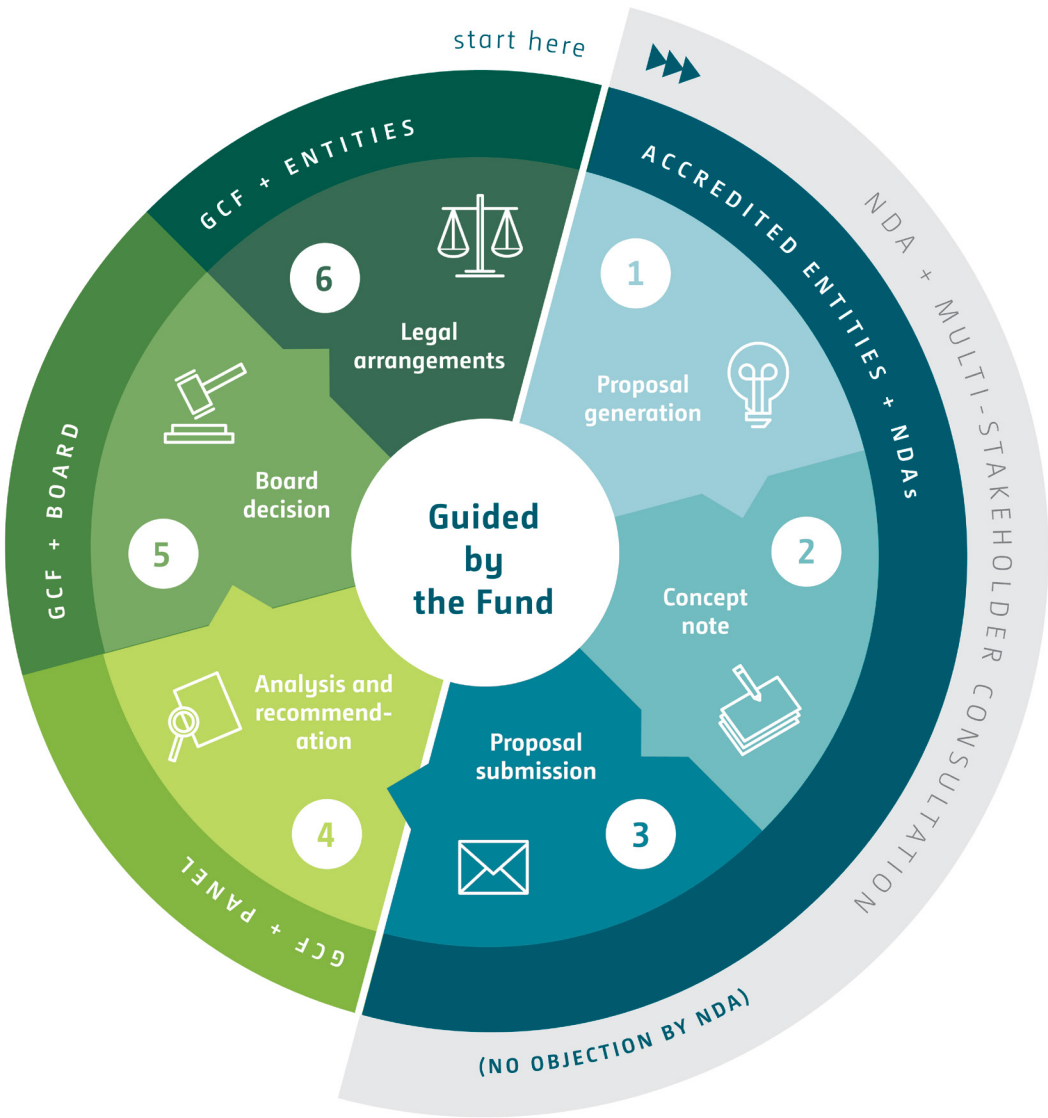


Figure 4. GCF Proposal Approval



Part IV: Projects and programmes

04

The Fund will finance projects and programmes in the public and the private sector that contribute towards achieving at least one of the eight strategic impacts of the Fund included in Part I. The process for considering and approving proposals, and the criteria by which they will be evaluated are provided below.

Accredited entities can submit funding proposals to GCF at any time spontaneously, or when there is a call for proposals from the Fund. To ensure country ownership, the Fund's Board will only consider funding proposals that are submitted with a formal letter of no-objection in accordance with the Fund's initial no-objection procedure. The stages in the process are shown in figure 4 and described below:

1. Proposal generation

NDA's and focal points, and accredited entities may submit spontaneous funding proposals to the Fund, which will be subject to the Fund's approval process. In addition, the Fund may publish regular calls for funding proposals on its website.



2. Concept note (voluntary)

An accredited entity or an executing entity (i.e. a project or programme sponsor) may submit a **concept note** for feedback and recommendations from GCF in consultation with the NDA or focal point. The recommendation will clarify whether the concept is endorsed, not endorsed with a possibility of resubmission, or rejected.



3. Proposal submission



An accredited entity may submit a proposal to GCF in conjunction with the no-objection letter signed by the official representative of the NDA or focal point registered and listed on the Fund's website. At this stage, GCF acknowledges the submission, reviews it for completeness, and acknowledges receipt.

In terms of financial instruments, concessional loans as well as guarantees will be available to public and private counterparts accredited to manage such finance. For the public sector, the Fund will use two sets of financial terms and conditions for outgoing loans – high and low concessionality. In addition, financial terms and conditions for guarantees managed will be established on a case-by-case basis for public sector entities. Private sector entities can also be accredited to manage equity investments.

Public sector and non-governmental entities can receive grants without repayment contingencies, i.e. there is no reimbursement required. The use of grants with repayment contingency shall be limited to the private sector and their terms and conditions shall be determined on a case-by-case basis. All non-grant instruments including loans, guarantees and equity extended to the private sector shall also be determined on a case-by-case basis.

The Fund's financial terms and conditions of grants and concessional loans are outlined in the tables 1 and 2. These terms and conditions of the Fund's instruments will be reviewed on an annual basis.

4. Analysis and recommendation

The Fund will carry out due diligence, assess compliance with interim environmental and social safeguards, gender policy, financial and other relevant policies. In addition, GCF and the Technical Advisory Panel will also independently assess the performance of the project or programme against the criteria included in the Fund's investment framework (see figure 5). This will include assessment of the proposal's financial structure and concessionality, as relevant.



Following these assessments, GCF will prepare a package of documents for the Board, which includes the funding recommendation.

5. Board decision

The Board will then make decisions to approve or reject the funding proposal, or to provide approval that is conditional on modifications to the project or programme design or subject availability of funding. GCF informs the accredited entity and the NDA or focal point of the decision and next steps, and the Executive Director of the Fund and accredited entity sign the necessary legal agreements between the Fund and the accredited entity.



6. Legal arrangements

Following the approval of funding for a proposal and the signing of necessary legal arrangements, the project or programme moves into the implementation period whereby funds are transferred to the accredited entity against agreed criteria, the Fund's fiduciary standards and ESS are applied, and an external audit report submitted. Following these steps, the project or programme becomes effective, and the process of monitoring and evaluation commences, and continues until the project or programme closes and exits the Fund's portfolio.



Figure 5.

The Fund's Six Investment Criteria

"IPSCEN" Compliance

IMPACT POTENTIAL

I

Potential of the programme/project to contribute to the Fund's objectives to shift towards low-emission and climate-resilient sustainable development.

PARADIGM SHIFT POTENTIAL

P

Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment. How scalable and replicable is the project? How innovative and transformative is it?

SUSTAINABLE DEVELOPMENT POTENTIAL

S

Wider benefits and priorities. Will the project/programme deliver meaningful environmental, social, and economic co-benefits and have a gender-sensitive development impact?

COUNTRY OWNERSHIP

C

Beneficiary country ownership of and capacity to implement a funded project. How well does the project fit within the beneficiary country's existing policies, climate strategies and institutions?

EFFICIENCY AND EFFECTIVENESS

E

Economic and, if appropriate, financial soundness of the project. For mitigation-specific projects, how cost-effective is it and how much co-financing will it bring? (Minimum concessionality test)

NEEDS OF THE RECIPIENT

N

Vulnerability and financing needs of the beneficiary country. To what extent does the project address vulnerable groups, barriers to financing, and level of exposure to climate risks within the country?



Agricultural practices have an important role to play in enhancing carbon storage.

Table 1.

Terms and conditions of outgoing grants

	Grants
Currency	Major convertible currency
Interest rate	Grants without repayment contingency: no reimbursement required ¹ Grants with repayment contingency: terms adapted to the required concessionality of the project or programme
Maturity	
Grace period	

¹ All grants will be subject to an obligation for repayment if the recipient is found to be in material breach of its contractual obligations towards the Fund or involved in a material violation of the Fund's integrity or fiduciary standards, including those on corruption and fraud.

Table 2.

Terms and conditions of outgoing concessional loans to the public sector

	High concessionality	Low concessionality
Currency	Major convertible currency	Major convertible currency
Maturity (years)	40	20
Grace period (years)	10	5
Annual principal repayment years 11–20/6–20 (% of initial principal)	2%	6.70%
Annual principal repayment years 21–40 (% of initial principal)	4%	N/A
Interest	0.00%	0.75%
Service fee (per annum)	0.25%	0.50%
Commitment fee (per annum)	Up to 0.50%	Up to 0.75%



Geothermal energy can provide low-carbon power and heat from high-temperature hydrothermal resources.

In recent years, the production of electricity from geothermal has increased steadily reaching over 75 TWh in 2013.

Resources

NDA's and Focal Points

<http://www.gcfund.org/operations/readiness/designations.html>

Accreditation

<http://www.gcfund.org/operations/accreditation.html>

Funding Proposals

Concept Note: http://www.gcfund.org/fileadmin/00_customer/documents/Operations/4.5_Concept_Note.docx

Full Proposal: http://www.gcfund.org/fileadmin/00_customer/documents/Operations/GCF_Funding_Proposal_Template_BETA.docx

Operations Manual

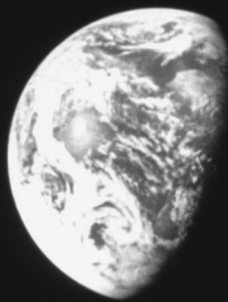
<http://www.gcfund.org/operations/resource-guide.html>

For further information regarding NDAs and Focal Points, please contact:

countries@gcfund.org

For accreditation to GCF, please contact:

accreditation@gcfund.org



The human impact on the natural environment of our home planet is unprecedented. The current trajectory of greenhouse gas emission rates will cause global temperatures to increase 4 degrees Celsius by the end of this century, according to the Intergovernmental Panel on Climate Change (IPCC). Long-term changes in the earth's climate system are significant and occurring more rapidly than in the past. The 21st century is very special in this regard: For the first time humans can change themselves and their home planet. This is a uniquely crucial century in which humanity will determine its future existence on earth.

ANNEX 1

Initial best-practice guidelines for the selection and establishment of national designated authorities and focal points

The Board decided that countries may designate a national designated authority (NDA), in conformity with the Governing Instrument, or mandate a country focal point to interact with the Fund. It further decided that countries should have flexibility in relation to the location, structure, operation and governance of NDAs or focal points.

The following guidelines serve to help countries in selecting the most appropriate institution to be designated as NDA or focal point with a view to ensuring effective implementation of the Fund's activities.

I. Mandate

The NDA or focal point will likely be placed within a ministry or authority conversant with the country's national budget, economic policies and their interrelation with climate change-related priorities and development plans.

The selected institution should ideally have a mandate that enables the institution to work on and influence an appropriate combination of economic policy and development planning, with appropriate leverage over climate change, energy, sustainability and environmental resource management priorities, strategies and plans.

In cases where this combination is not possible, it is recommended that the NDA or focal point be in a position to lead and coordinate a country coordination mechanism that allows for an overview of all these sectors as they relate to the country's climate change strategies and plans.

Countries may choose to mandate a focal point while undertaking a process for selecting and establishing an appropriate NDA and setting up all its necessary institutional capacities and country coordination mechanisms, or in cases where special national circumstances so determine. The focal point will therefore fulfil all functions until the NDA is established.

II. Capacities

Ideally, the NDA or focal point should possess or attain through country coordination mechanisms and institutional networks within the country:

- (a) Adequate knowledge of national priorities, strategies, and plans;
- (b) The ability to contribute to and drive national development strategies and plans;
- (c) Familiarity with both mitigation and adaptation efforts and needs in the country;
- (d) Familiarity with relevant institutions and stakeholders in the countries (including contacts with multilateral and bilateral institutions, civil society organizations, and sub-national, national or regional entities that may be potential candidates for accreditation as intermediaries or implementing entities);
- (e) Capacity to facilitate and coordinate country coordination mechanisms and multi-stakeholder engagement for country consultations;
- (f) The ability to monitor and evaluate in accordance with relevant guidelines of the Fund; and
- (g) An overview of activities of other relevant multilateral, bilateral, regional and global funding mechanisms and institutions working in the country.

The NDA or focal point should be able to maintain regular communication with the secretariat in English through Internet-based correspondence, facilitate country visits and meetings with Fund officials, and provide written communication as required.

The NDA or focal point should also be able to disseminate in local languages key operational procedures of the Fund, including its environmental and social safeguards and no-objection procedure.

The NDA or focal point should also retain an overview of all funding proposals relating to the country and facilitate available information on the projects and programmes through appropriate media and relevant networks, including in local languages.

The NDA or focal point should be familiar with multilateral finance and be able to interact with private sector actors in the country.

III. Authority

The legal authority for the NDA or focal point with signing capacity should be at a senior level with the authority to oversee the capacities outlined in Section II.

The NDA or focal point should aim to have a team responsible for coordinating and driving communication with the Fund and managing operational activities.

The NDA or focal point should lead the country's efforts to prepare the country's country programme.

IV. Position relative to designated authorities or focal points of other funds

In order to ensure consistency with national priorities, strategies, and plans, the NDA or focal point should have the ability to interact and coordinate with the focal points and designated authorities of other funds, if applicable and as appropriate.

The NDA or focal point should be familiar with the operations of other funds within the country. Based on country capacities, the NDA or focal point should also drive and coordinate relevant country coordination mechanisms and multi-stakeholder engagement, as needed and appropriate. Accordingly, the NDA or focal point should ideally be able to oversee and streamline the country's engagement with all sources of internal and external climate finance.

V. Funding of national designated authorities

Funding for the establishment and operation of NDAs will be determined in accordance with Board decisions on readiness and preparatory support and paragraph 40 of the Governing Instrument.

ANNEX 2

Initial best-practice options for country coordination and multi-stakeholder engagement

1. The Fund will have a broad scope, funding both mitigation and adaptation activities through multiple access modalities, including through the private sector and other innovative financial instruments. Consequently, on an operational level, it will involve various sectors at multiple levels of governance.
2. It is recommended that countries consider the following criteria for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals, as appropriate.

I. Country strategic framework

3. National climate change strategies, plans and priorities will be the strategic framework provided in a country's country programme, and would therefore be a basis for the preparation and implementation of funding proposals. Recipient countries may therefore define their strategic framework on the basis of existing national climate change plans and strategies, including nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) and national adaptation programmes of action (NAPAs), or choose to develop a Fund-specific strategic framework drawing on existing relevant national plans and strategies. The Fund may provide assistance for the identification of these national strategic frameworks in the context of the Fund's work programme on readiness and preparatory support.
4. In order to ensure systematization of country coordination and multi-stakeholder engagement, countries could be encouraged to design a consultative process through which national climate change priorities and strategies can be defined.

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5. A consultative process should aim to be an ongoing process rather than a discrete activity only occurring once without the possibility of follow up, continuous update and regular assessment of progress.
 6. These consultative processes should be inclusive and seek to engage all relevant actors within the government, the private sector, academia, civil society and other relevant stakeholder groups or sectors.
 7. Criteria and options for country coordination through consultative processes may include:
 - (a) Use of existing regular country meetings or national planning/dialogue exercises, including in the context of other sources of funding for climate change activities, the sharing of lessons learned and collection of inputs and views;
 - (b) Establishment, when possible and national circumstances allow, of a dedicated country coordination mechanism for the country's identification of its strategic framework in the context of the Fund;
 - (c) Integration into other relevant national consultations processes or programming exercises that may enable synergies and the exchange of complementary information; and
 - (d) Building on the country's prior experience in coordinating cross-sectoral initiatives and investments and engaging with other sources of finance.
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II. Development of funding proposals

8. Country coordination and multi-stakeholder engagement are critical for the effective preparation of funding proposals, as well as ongoing monitoring and evaluation after approval. This process should be well aligned with relevant provisions of the Fund's environmental and social safeguards, which require, among other things, that all projects/programmes will be designed and implemented to be consistent with the Fund's requirements for stakeholder engagement and disclosure.
9. The Fund's environmental and social safeguards also require that funding proposals for projects/programmes will also need to have an environmental and social management system (ESMS) that establishes a process of stakeholder engagement and disclosure.
10. Guidance in the application and use of the Fund's environmental and social safeguards, which includes the matters mentioned above, will be made available in the context of the guiding framework for the Fund's accreditation process.
11. Country coordination mechanisms are also important in supporting the ongoing monitoring and evaluation of the Fund's projects and programmes, thus allowing for a process for evaluation at various stages of the project cycle.
12. Through collaboration with intermediaries and implementing entities, country coordination and multi-stakeholder engagement processes may facilitate forums, meetings, or workshops to review progress against results frameworks, discuss best practices and challenges, identify opportunities for enhancing coherence, and integrate lessons learned into relevant plans and priorities.

ANNEX 3

Initial no-objection procedure

I. Purpose

1. The purpose of the no-objection procedure is to ensure consistency with national climate strategies and plans and country-driven approaches, and to provide for effective direct and indirect public and private sector financing by the Fund. A no-objection is a condition for approval of all funding proposals submitted to the Fund.
2. The no-objection should be provided to the Secretariat in conjunction with any submission of a funding proposal seeking Fund funding.
3. In the case of applications for accreditation by sub-national, national and regional implementing entities and intermediaries, the national designated authority (NDA) or focal point will facilitate the communication of applications of implementing entities and intermediaries for accreditation to the Fund.

II. Communication of no-objection to funding proposals

4. Before communicating its no-objection, 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.
 5. To enhance transparency and consistency with paragraph 46 of the Governing Instrument, each proposal by an intermediary or implementing entity will provide a full description of how the country ownership was conducted and, if not satisfactory, the Board may reject it.
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6. The NDA or focal point will communicate its no-objection to the Secretariat in conjunction with every submission for approval of a funding proposal by an intermediary or implementing entity. The no-objection letter will be signed by the official representative of the NDA or focal point registered with the Secretariat.
 7. The Secretariat will formally acknowledge the receipt of the no-objection letter to the NDA or focal point and respective implementing entity or intermediary.
 8. In cases of submissions of proposals for funding that are not accompanied by a no-objection letter, the Secretariat will inform the NDA or focal point that the funding proposal will not be processed for Board consideration unless the NDA or focal point provides its no-objection. The NDA or focal point shall provide its no-objection within 30 days after receiving this information. After the passage of 30 days, the proposal will be suspended and the Secretariat will notify the IE/intermediary.
 9. 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 Fund's environmental and social safeguards.
 10. In order to enhance transparency, all no-objection communications will be made publicly available on the Fund's website. National designated authorities and focal points are also encouraged to make publicly available their communications of no-objection shortly after being issued, where possible and as applicable.
 11. In the case of funding proposals relating to a programme, the no-objection will apply to all projects or activities to be implemented within the approved framework.
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III. Dissemination of the no-objection procedure

12. The no-objection procedure will be made available by the Secretariat on the Fund's website and in printed material where it will be explained in a user-friendly manner. Translations into other languages will be made where possible.
13. The Secretariat will assist NDAs and focal points in the understanding of the no-objection procedure upon request.
14. National designated authorities and focal points are encouraged to disseminate this procedure in their countries as appropriate and through their own websites and communication channels, especially in local languages.

IV. Review of the no-objection procedure

15. This no-objection procedure may be revised on the basis of evolving needs and experience gained in its implementation.
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ANNEX 4

Indicative list of activities for direct support to national designated authorities or focal points and elements of an application for direct support to national designated authorities or focal points

1.1 Parameters for NDA or focal point funding

- (a) In recognition of their important role in strengthening country ownership and alignment with national priorities, NDAs or focal points may request direct support by the Fund of up to US\$ 300,000 to cover eligible costs for a two-year period;
 - (b) Funding requests may be submitted year-round without an application deadline;
 - (c) NDAs or focal points must commit to using Green Climate Fund readiness support solely for the purpose described in the funding request and in accordance with the approved budget; and
 - (d) NDAs or focal points applying for funding must submit the following documents to the Secretariat:
 - (i) An online funding request form which includes:
 - A detailed two-year budget outlining the NDA or focal point activities to be supported; and
 - A performance framework including targets and milestones that describes how the proposed activities will contribute to strengthening the institutional capacity of the NDA or focal point and in-country coordination and consultation processes.
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- (ii) One month after completion of year 1 of the funding period, the NDAs or focal points must submit a progress update describing (1) results achieved against intended targets; (2) expenditures incurred (broken down by cost category and performance area) including an analysis of any variance between budgeted and actual expenditures.

1.2 Eligible Costs for direct NDA or focal point funding

- (a) Eligible costs include the following items:

- (i) Human resources development

Funding for human resources development will include cost for training NDA or focal point staff members in areas relevant to the objectives of the Fund such as project and programme development, international procurement, accounting, oversight, planning and monitoring and evaluation processes. This may include short-term or provisional assignments for external contractors to support NDAs or focal points in exercising their functions outlined in decision B.04/05 (e).

- (ii) Technical assistance

Technical Assistance can be used for costs directly related to technical or management assistance to support core NDA or focal point functions including development of strategic priorities for engagement with the Fund, programme and project oversight and alignment with other national bodies' stakeholder engagement (such as civil society, academia and the private sector), dialogues with implementing entities and intermediaries.

- (iii) Planning and administration

This category includes the following costs:

- Organization of inter-ministerial coordination processes for GCF-related activities, in particular to assess consistency with national plans, as per decision B.04/05 (e);
- Travel-related costs for members or invited experts to attend NDA or focal point meetings; and
- Necessary information technology or other technical infrastructure.

Limitations: A maximum of three inter-ministerial meetings per year should be budgeted.

(iv) Other meeting expenses, training, workshops, consultations

This category includes:

- Training and workshop organization and facilitation; and
- Consultations with non-governmental constituencies only (e.g. civil society, academia and the private sector) and processes to promote and improve the quality of stakeholder participation, including travel costs and per diems for civil society participation.

Limitations: (i) There should be no more than one stakeholder meeting per quarter with a maximum of two meetings funded per year;

(ii) Stakeholder meetings should not include more than 15 persons participating.

(v) Communication materials

This category includes: printing, communication and IT costs associated with functions related to performing functions mentioned in decision B.04/05 (e).

1.3 Screening and review process

- (a) In reviewing a request for direct NDA or focal point funding, the Secretariat will verify that the costs to be supported are eligible, reasonable and consistent with national operating costs. Applicants may be contacted by the Secretariat for clarifications; and
- (b) Funds will be approved for disbursement upon the submission of accurate and verifiable information provided by the NDA or focal point and upon signing of the NDA or focal point funding agreement by all parties.

1.4 Financial review and audit

- (a) The NDA or focal point is requested to include in its proposal the arrangements for receipt and accounting of the funds in a transparent manner. The Secretariat and the NDA or focal point will consult to identify a suitable disbursement arrangement that:
 - (i) Is accountable, transparent and verifiable; and
 - (ii) Facilitates access to NDA or focal point funding.
- (b) The Fund reserves the right to conduct an external/independent financial review, audit or evaluation or to take any other action that it deems necessary to ensure accountability in the use of funds.

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The information presented in this publication is tailored to the needs of National Designated Authorities and Focal Points. The content will be complemented and revised on an ongoing basis. The Green Climate Fund would appreciate your feedback to help improve the next edition of this publication.

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Notes

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