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Policy guidelines on the programmatically approach

Summary

This document provides guidance on the programmatic approach of the GCF to funding proposals, including the definition and principles of a programme, the requirements for preparing a programmatic funding proposal and its subprojects, and process-related aspects for submission, review and approval of appropriate programmatic proposals.

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I. Introduction

1.1 Purpose

1. This paper provides policy guidance on the approach of the GCF to programmatic funding proposals, including the definition and principles of programme, requirements for the submission of programmatic funding proposals and its subprojects, and process-related aspects for submission and approval.
2. The provision of guidance will help various stakeholders, including accredited entities (AEs), national designated authorities (NDAs) and focal points, the independent Technical Advisory Panel, and the Secretariat, in developing and assessing impactful programmes that provide scale to the pipeline.

1.2 Mandate

3. Paragraph 36 of the Governing Instrument for the GCF makes explicit mention of the programmatic approach: “The Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities.”
4. In decision B.07/03, paragraph (e), the Board noted convergence on the need to consider, among other items, the initial proposal approval process for regional programmes and projects.
5. By its decision B.14/07, paragraph (k), the Board took note of the views expressed on programmatic proposals, including those related to the need to seek a balance of national, regional and international programmes.

1.3 Scope

6. Aiming to respond to the above requests, this paper proceeds from an understanding that programmes are widely used to address complex issues, cover multiple countries in a region and/or carry out correlated interventions within a country, as well as scale up proven models while increasing efficiency (see annex III for programmatic approaches in other institutions). A programmatic approach to funding proposals can also provide some certainty of funding, particularly in private sector fund structures, and ultimately build a stronger narrative for transformational change.
7. This document will focus on the programmatic approach in relation to funding proposals. Broader interpretations and implementation of the programmatic approach, including the enhancing direct access (EDA) modality and the development of a country programme or investment plan, will be addressed in the future.
8. It will also take account of the GCF initial proposal approval process, the lessons learned from programmatic proposals previously approved by the Board, the practices of other climate funds with regard to programmatic approaches and the inputs received during the consultation process.

II. Definition and principle

2.1 Definition of programme

9. A GCF programme could be defined as a set of interlinked individual subprojects and/or a mechanism that allows for the approval of such subprojects, 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.

10. It is important to distinguish a programme from a project within the programme, especially when reviewing and approving funding proposals.

11. Any programme developed and submitted for GCF consideration, including individual projects within that programme (referred to hereafter as “subprojects”), should contribute to the ultimate objectives of the GCF as defined in the Governing Instrument, including the promotion of a paradigm shift towards low-emission and climate-resilient development pathways.

12. A programme should clearly articulate how it would enable the achievement of climate outcomes beyond what standalone subprojects could achieve. The conceptualization of an overarching vision and the delineation of a strategic direction and goals oriented around a particular theme or geography are not mutually exclusive.

13. **“Thematic” or “Sectoral”** programmes can enhance coordination and strategic alignment of subprojects in a manner that can increase the prospects of transformational change, provide operational efficiencies and accelerate implementation on a determined sector or theme within a country(ies) or region(s).

14. **“Geographic” or “regional”** programmes can provide added value in terms of efficiency and/or helping to harmonize policies and regulations within a country and across a region in addressing resources or issues that extend beyond provincial or national boundaries that may involve sector-specific or cross-sectorial interventions. They will also accelerate implementation on the ground by removing a decision cycle.

15. To illustrate the above, a geographic programme could address an emerging transboundary climate-related issue, such as an emerging cycle of flooding and drought in a basin across multiple countries. The programme, developed holistically, could be structured to address specific adaptation needs across the entire basin rather than a single country in this example. Regional programmes that address the specific climate finance needs of a region could notably fall into this category of programmes.

16. As another example at a country level, a programme may be developed to implement a country’s nationally determined contribution (NDC) that identifies forestry and land use as a priority sector for addressing mitigation and adaptation needs. In this example, a country may have already identified forest conservation and forest restoration as one of its top climate priorities (e.g. in the country programme), and the programme would then contribute to the execution of this vision by designing the subprojects in defined geographical areas (e.g. according to forest types and different interventions for conservation and restoration) within the country.

17. In other cases, programmes may be established to enhance synergies and/or facilitate the replication of a project type that has demonstrated effectiveness in supporting transformative change. Such programmes can be technical in focus, and/or developed in part to facilitate administrative efficiencies. The creation of financing facility programmes (e.g. framework programmes, revolving facilities, warehousing lines, grant facilities, etc.) could be seen to fall within this programme type for serving the wide-spread micro, small and medium-sized enterprise (MSME) sectors in a country or a region. When appropriately circumscribed,

programmes of this type can result in enhanced quality and efficiency, increased speed of implementation, lower transaction costs, and enhanced opportunities for leveraged co-funding.

18. For instance, a programmatic proposal may also entail a financial hybrid structure and/or a multitranche financial facility approach to a long-term engagement covering multiple developing countries, which aims to leverage concessional funds that directly catalyse private, institutional and commercial finance for defined subprojects based on both financial bankability and environmental sustainability. along with GCF risk management framework and investment framework.

2.2 Principles of a programmatic approach

19. A programmatic approach may not be appropriate for all types of proposals. Some may be better designed as standalone projects and presented as individual funding proposals. It is therefore useful to consider a few defining principles for GCF programmes. These principles, defined in the guidelines in annex II to this document, are as follows:

- (a) Common and specific objective;
- (b) Coherence among subprojects or phases in terms of their contribution to overall programme outcomes or goals;
- (c) Clearly defined value of the programme versus a project (or series of projects) and at a lower transaction cost;
- (d) Response to country/regional needs and national/regional priorities; and
- (e) Alignment with GCF policies.

20. The initial guidelines for the programmatic approach will remain under review due to the close linkages with other GCF policies and guideline documents currently under development or review, as well as the EDA pilot, environmental and social management system and other operational policies that may influence the implementation of the programmatic approach. As these other policies are further developed or refined, there may be a need to update or refine the initial guidelines presented in annex II.

2.3 Role of countries in a programmatic approach

21. Beyond programmatic proposals, there are also broader interpretations of the programmatic approach. For example, developing a country programme or investment plan may also be considered a programmatic approach by some stakeholders. From this perspective of this document, there is a clear distinction between country programming and a programmatic approach to funding proposals. Country programming in the GCF context involves country coordination and stakeholder engagement, which may lead to a country programme that identifies priority investments. These priority investment opportunities can then be turned into concrete concepts or funding proposals based on projects or programmes, or a mixture of the two, as appropriate, if they subsequently prove viable.

22. While a programme can provide increased benefits and add to the prospects for achieving paradigm shift at scale at a lower transaction cost to the countries, AEs, GCF and relevant stakeholders, the oversight and coordination required to ensure effective implementation can add complexity. It is fundamental to the GCF that the projects and programmes it considers and approves be consistent with countries' NDCs and national/regional climate strategies, and where these have been developed, country/regional programmes.

23. Programme proposals should include provisions describing the close participation and thought leadership of beneficiary countries in the development of the programme and in the fully developed subprojects that are being submitted for Board approval. Related provisions should include, but not be limited to, a no-objection letter (NOL) for each country participating in the programme. Dialogue among countries participating in a programmatic proposal should also be encouraged to harmonize each country's priorities identified in their corresponding country programmes and maximize the impact of a programmatic proposal, particularly for geographic programmes. This may take the form of regional programming processes led by the participating countries in the programme (e.g. countries sharing a part of a regional biome such as the Amazon biome, Congo basin, etc.)

24. These factors highlight the importance of ensuring stakeholder coordination and country ownership by NDAs/focal points and participation of country partners in a programme's development, and through the early development of robust, transparent and inclusive governance structures that include country partners in all phases of the programme cycle. Therefore, programmes, like projects, should employ consultative approaches with the participation of country partners and other donors under the overall coordination of NDAs/focal points, implemented and evaluated in partnership with the relevant country.

25. Programme governance systems should be tailored to fit the unique circumstances of each programme and related subprojects with a high degree of country ownership. This ownership could be manifested in several ways. First and foremost, good practice for a country-driven process should allow all relevant stakeholders to actively participate in all stages of the programme cycle, including design, development, submission and implementation.

III. Analysis of approved programmes

3.1 Overview of past programmes

26. Up to and including the twenty-second meeting of the Board (B.22), there have been 24 approved programmes (see table below).

Table: Approved programmes following the twenty-second meeting of the Board

#	Funding proposal	Name of the programme	Accredited Entity	Type(s) of programmes	
				Multi-sector	Multi-country
1	FP106	Embedded Generation Investment Programme (EGIP)	DBSA		
2	FP105	Climate Finance Facility to Scale Up Solar Energy Investments in Francophone West Africa LDCs	BOAD		✓
3	FP104	Nigeria Solar IPP Support Program	AFC		
4	SAP004	Energy Efficient Consumption Loan Programme	XacBank		
5	FP099	Climate Investor One	FMO		✓
6	FP098	DBSA Climate Finance Facility	DBSA	✓	✓
7	FP097	Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)	CABEI		✓
8	FP096	DRC Green Mini-Grid Program	AfDB		
9	FP095	Transforming Financial Systems for Climate	AFD	✓	✓

#	Funding proposal	Name of the programme	Accredited Entity	Type(s) of programmes	
				Multi-sector	Multi-country
10	FP092	Programme for integrated development and adaptation to climate change in the Niger Basin (PIDACC/NB)	AfDB		✓
11	FP086	Green Cities Facility	EBRD		✓
12	FP081	Line of Credit for Solar rooftop segment for commercial, industrial and residential housing sectors	NABARD		
13	FP080	Zambia Renewable Energy Financing Framework	AfDB		
14	FP078	Acumen Resilient Agriculture Fund (ARAF)	Acumen		✓
15	FP048	Low Emissions and Climate Resilient Agriculture Risk Sharing Facility	IDB	✓	✓
16	FP047	GCF-EBRD Kazakhstan Renewables Framework	EBRD		
17	FP046	Renewable Energy Program #1 - Solar	XacBank		
18	FP039	GCF-EBRD Egypt Renewable Energy Financing Framework	EBRD		
19	FP038	GEEREF NeXt	EIB		✓
20	FP036	Pacific Islands Renewable Energy Investment Program	ADB		✓
21	FP028	MSME Business Loan Program for GHG Emission Reduction	XacBank		
22	FP027	Universal Green Energy Access Programme (UGEAP)	DeutscheBank		✓
23	FP025	GCF-EBRD Sustainable Energy Financing Facilities	EBRD	✓	✓
24	FP020	Sustainable Energy Facility for the Eastern Caribbean	IDB		✓

Abbreviations: ACUMEN = Acumen Fund, Inc., AfDB = African Development Bank, ADB = Asian Development Bank, AFC = Africa Finance Corporation, BOAD = Banque Ouest Africaine de Developpement, CABEL = Central American Bank for Economic Integration, DBAS = Development Bank of Southern Africa, DeutcheBank = Deutsche Bank AktienGesellschaft, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., IDB = Inter-American Development Bank, NABARD = National Bank for Agriculture and Rural Development, XacBank = XacBank LLC.

3.2 Effectiveness of past programmes

27. Compared to a project-based approach, one of the foremost positive consequences of a programmatic approach would be the promotion of local capacity and alignment with the notion of country ownership. Many of the approved programmes are expected to improve access to financing for sustainable business by working with the local financial system, which can create a lasting impact within the country even after an individual GCF programme has ended. This is accomplished through grant-based technical assistance funding from GCF and AEs to build the capacity of local financial institutions for climate finance. Technical assistance typically includes subproject origination support, development of a climate strategy, management of environmental and social risks, and gender mainstreaming. It may also include technical assistance to the final borrowers to improve their understanding of climate-related

risks and help them to develop adaptation measures to address them. GCF can also provide grant-based awards for MSMEs that implement adaptation measures successfully. GCF works with the AEs in developing technical assistance activities that are relevant to achieve programme impact targets and ensures funding requests are appropriate. GCF-approved programmes have demonstrated that the objective of achieving climate-resilient environment through country ownership can be achieved more efficiently through a programmatic approach.

28. It was also observed in the approved programmes that programmatic approaches have higher potential for scalability and replicability across other suitable markets. For example, where potential energy efficiency investments face similar barriers, funding a programme that cuts across borders and regions rather than a standalone project allows the subprojects to have a demonstration effect for other small businesses to follow. In addressing the knowledge gaps for small businesses and the banks that finance them, GCF acts as a market-maker by giving confidence to local financial institutions to invest in these types of projects in the future. GCF programmes can also create a demonstration effect through their structuring, for example by creating a dedicated climate finance unit within an existing institutional structure. GCF believes that this can be a model for other countries to implement to promote climate finance through national financial institutions.

3.3 Challenges to a programmatic approach

29. Because the aforementioned programmes have not been completed yet, it would be too early a stage to identify the difficulties with conclusive findings. However, despite the positive effects, several challenges to the programmatic approach can be predicted in the pre- and post-approval stages.

30. For one, as many of the subprojects within the programmes are spread over a long period of time, there could be potential that the programme might not reach the initially intended target size due to diminished lack of demands. This in turn will reduce targeted results in climate change impact and co-benefits. Moreover, various risks pertaining to a particular country may have adverse impacts on the programme itself if the subprojects are dispersed over a long period of time. Depending on how the internal policies of the NDA, and the country in general, change over time, it may have different outcomes for future subprojects.

31. There are challenges in the developing and approval phase as well. For example, if the terms are already defined for the programme for a fixed period, it may be difficult to apply lessons learned from other subprojects during implementation. Some programmes are contingent on the timely development and construction of the underlying projects and may face potential delays in regulatory approvals and construction contracts for various unforeseen and unanticipated reasons. Time and resources may be spent more on programme appraisal rather than on subprojects.

32. Lastly, because the eligibility criteria may be too broadly defined due to the possibility of changes in future, there is a risk of under-utilization of the programme from the limited uptake of financial instruments by local financial institutions and under-utilization by final borrowers. There may also be delays in disbursements from GCF to the AE, as well as from the AE to the local financial institutions. To avoid this issue and provide as much comfort as possible in what types of subprojects will be financed, GCF works closely with the AEs to define eligibility criteria as clearly as possible prior to approval. Going forward, it would be appropriate to ensure that any GCF commitment is sized appropriately for the programme; the implementation periods for programmes are set so that they do not provide excessively long times for programme implementation during the GCF commitment; and disbursement conditions are set appropriately (such as requiring more detailed evidence of the project pipeline from the AE) so that GCF only advances funds where the programme is more certain of utilizing those funds.

3.4 Recommendations for programme guidelines

33. Up to B.22, the Board approved programmes on a case-by-case basis, using the eligibility criteria provided by the AE. Despite the proven effectiveness of the programmatic approach, there are many areas of improvements regarding submission, approval and monitoring processes that will be covered in the following sections of this document.

34. The need to address all factors relevant to programme proposals highlights the importance and value of establishing robust governance, monitoring and evaluation structures that will ensure significant country ownership and stakeholder input into the development of programme proposals, as well as to their phased implementation and monitoring and evaluation. Such structures and input will help ensure shared ownership in the programme and enhance the likelihood of programmatic success.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.23/17 titled “Policy guidelines on the programmatic approach”:

- (a) Adopts the initial guidelines for the programmatic approach set out in annex II;
- (b) Decides that the initial guidelines will become effective one day after the last day of the twenty-third meeting of the Board;
- (c) Requests the Secretariat to develop a template for programme funding proposals that reflects the guidelines set out in annex II, including standard formatting for the subprojects, by no later than the twenty-fifth meeting of the Board; and
- (d) Also requests the Secretariat to review the implementation of the initial guidelines for the programmatic approach once five programmatic proposals using the initial guidelines are under implementation, or no later than three years after their adoption by the Board, whichever is sooner.

Annex II: Initial guidelines for the programmatic approach

I. Definition and principles of a programme

1.1 Definition of programme

1. A programme is defined as a set of interlinked individual subprojects and/or a mechanism that allows approval of such subprojects, 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. The scope of the programmes could be “**thematic**” or “**sectoral**” as well as “**geographic**” or “**regional**”, or a combination of both in a single programme.

2. “Thematic” or “sectoral” programmes can be defined following the GCF results areas as well as according to economic sectors defined by a country(ies) or region(s). “Geographic” or “regional” programmes can involve coverage within a country, in several countries simultaneously or through a phased modality and/or across a region in addressing common resources or issues that extend beyond provincial or national boundaries.

3. In addition to categorizing programmes based on sectoral or geographic factors, programmes may also be categorized in terms of the mode of their funding. For example, substantive or global/regional programmes can be funded using a variety of approaches including “phased” or “performance-based” approaches. In concept, such funding modalities would involve approving programmes with approval of a first tranche of funding from the GCF to allow for programme establishment and initial implementation to proceed. In such cases, further tranches of additional funding may be approved subsequently by the Board based on, for example, performance against clearly defined milestones and/or evaluations of how well the programme has met the targets agreed in the original programme submission as well as the development of a pipeline of subprojects.

1.2 Applied principles

4. The following principles would apply to all programmes and their respective subprojects or phases:

(a) **Common and specific objective:**

- (i) A programme addresses a specific issue or opportunity in the climate mitigation and adaptation context;
- (ii) Programmes that have broad coverage and spread across multiple sectors and/or countries should have a clear rationale in response to a specific issue or opportunity; and
- (iii) There must be clearly defined, measurable outcomes that unite all the subprojects or phases;

(b) **Coherence among subprojects or phases:**

- (i) A programme has a clear linkage, synergy and interdependence among its subprojects or phases, and each subproject should contribute to the common and specific objective of the programme;
- (ii) Subprojects complement and/or reinforce each other to achieve outcomes beyond those which could be achieved by GCF support for standalone one-off projects;

- (iii) Subprojects also maintain coherence in their implementation: for global and regional programmes, the accredited entity (AE) and/or its executing entity should actively lead and manage the implementation of subprojects to ensure coherence among activities in different countries; and
 - (iv) A programme may be structured so that initial subprojects can be piloted for replication or scaling up through future subprojects;
- (c) **Value of a programme versus a project (or series of projects):**
- (i) A programme should add significant value relative to a series of one-off projects, and the benefit(s) of taking the programmatic approach should be evident;
 - (ii) There should be a strong rationale that a programmatic approach will enhance outcomes of the GCF investments relative to the project-based approach. The programme thereby takes on value greater than the sum of its parts (subprojects);
 - (iii) The programme's added value could be in the form of increased cost efficiency, higher implementation effectiveness, greater impact, deeper integration across sectors or countries, or other outcomes. The programmatic approach should thus demonstrate a greater likelihood of promoting a paradigm shift compared to single projects; and
 - (iv) It should also have additional benefits in terms of learning and knowledge generation, which can be captured in the programme's monitoring, reporting and evaluation arrangements;
- (d) **Responds to country/regional needs and national/regional priorities:**
- (i) A programme being considered by GCF for funding should be aligned with the stated policies of the country(ies) and should address the needs of the recipient, based on the eligibility criteria defined in the programme proposal;
 - (ii) While the mechanism for country participation is likely to be tailored to meet the needs of each programme proposal, actual country participation in the programme design and implementation should extend beyond the execution of a no-objection letter;
 - (iii) Following the existing requirements for funding proposals, the AE would be expected to comply with the no-objection procedure at the programme level. In no case would a subproject be funded in a country that has not provided a no-objection letter;
 - (iv) In addition, the programme should demonstrate an inclusive governance structure that includes strong support from key stakeholders and all participating governments for taking a programmatic approach; and
 - (v) A programme should allow all relevant stakeholders to actively participate in all stages of the programme cycle, from the design, development, submission and implementation; and
- (e) **Alignment with GCF policies:**
- (i) A programme, as well as its subprojects, aligns with GCF policies and requirements, including the policies for environmental and social safeguards (ESS), gender and disclosure requirements; and
 - (ii) The programme and subprojects demonstrate alignment with GCF initial investment framework, including the investment criteria, subcriteria and indicative assessment factors, along with the GCF Information Disclosure Policy.

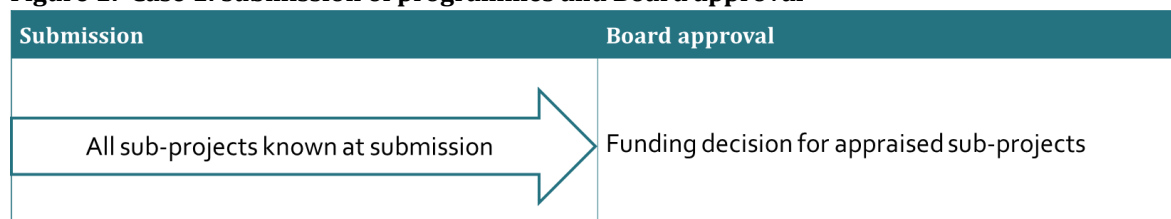
II. Submission of a programme and its subprojects

5. These guidelines take into account three possible cases in submitting programme proposals.

2.1 Case 1: subprojects fully developed upon submission

6. For **case 1**, all subprojects are fully developed upon submission for a one-time funding decision taken on all subprojects under the programme. The funding decision is taken only once as the subprojects are fully appraised before Board approval (see figure 1).

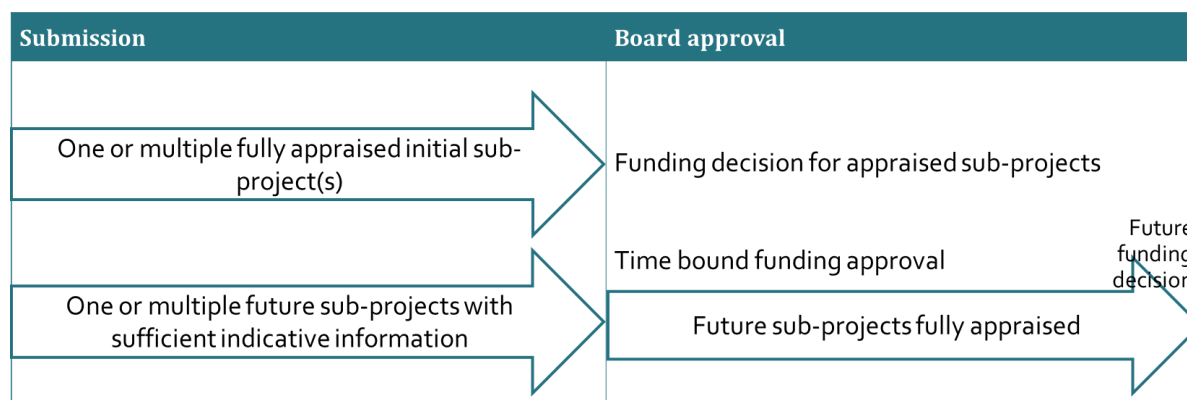
Figure 1: Case 1: submission of programmes and Board approval



2.2 Case 2: only one or multiple subprojects ready upon submission

7. For **case 2**, one or multiple subprojects may be ready for Board consideration at the time of programme submission, while additional subprojects or phases may be fully developed and submitted in the future, as appropriate (see figure 2).

Figure 2: Case 2: submission of programmes and Board approval



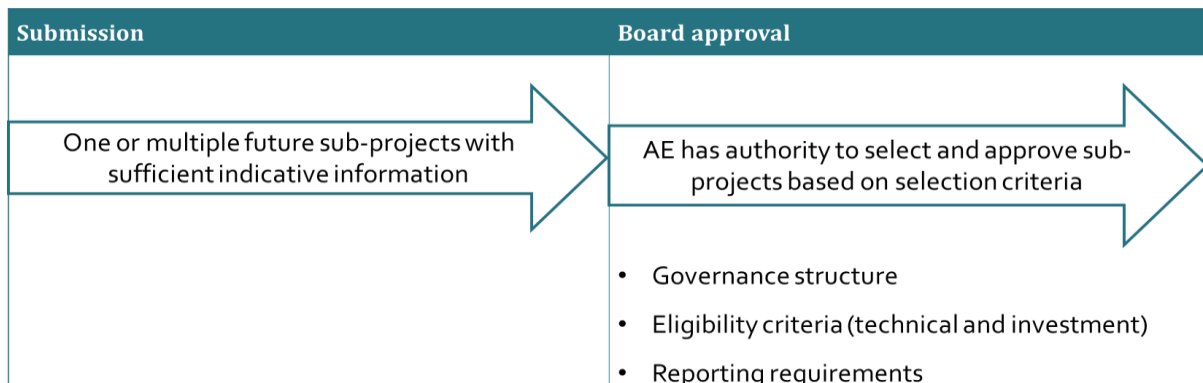
8. In this case, the following guidelines will apply:
- The proposal should include a justification for choosing the particular case 2 programme;
 - A programme should be submitted with one or multiple initial subproject(s) that are fully developed and appraised. These subprojects should comply with all relevant GCF policies;
 - When a programme is submitted with one or multiple fully appraised initial subproject(s), the approval of funding will be based on the one or multiple fully appraised initial subproject(s);
 - A programme may also request funding for the future subprojects provided that sufficient indicative information is made available by the AE in the programme proposal.

- The requested amount should be based on a list of future subprojects being developed or to be developed;
- (e) The non-objection letter(s) (NOLs) of the country(ies) participating in the programme should be provided for the appraised subprojects and the future subprojects. In the event that additional countries are to be included in the programme, the corresponding NOLs should be provided and Board approval requested;
 - (f) The proposal should include a defined set of eligibility criteria for the identification and selection of the future subprojects and means to ensure fulfilment of criteria on both technical and investment aspects; these criteria should not be amended without Board approval; and
 - (g) Such eligibility criteria should cover, among others:
 - (i) Sustained impact of investments in subprojects on a continued basis;
 - (ii) Economic sustainability of the underlying subprojects to ensure that they are not one-off investments;
 - (iii) High degree of certainty on contractual structures at the subproject level that assure continued operation of the subprojects;
 - (iv) Legal arrangements and frameworks that facilitate the subprojects' operations as going concerns;
 - (v) Readiness of the country to take onboard and absorb such investments. For example, it should be established that there is a demand for the subprojects, and that the country has an enabling policy and investment environment;
 - (vi) Visibility on a tangible pipeline of potential subprojects;
 - (vii) Environmental, social and compliance risks are within acceptable parameters; and
 - (viii) Any other criteria that are specific to the sector should be covered under the proposed programme.

2.3 Case 3: one or multiple subprojects with sufficient indicative information

9. For **case 3**, the programme includes one or multiple subprojects with sufficient indicative information on compliance with GCF policies, but a full appraisal of the subprojects is to be done in the future. The AE has the authority to undertake detailed due diligence on proposed subprojects, and based on the outcome of such due diligence approve funding for such subprojects that meet Board-approved eligibility criteria (see figure 3).

Figure 3: Case 3: submission of programmes and Board approval for programmes with sufficient indicative information but pending full appraisal



10. In addition, the following guidelines shall apply:
- (a) Strong rationale describing the circumstances that justify using case 3 for programme submission should be provided;
 - (b) A programme proposal should include a clearly defined governance structure for decision-making and ensuring country ownership;
 - (c) The proposal should include a defined set of eligibility criteria for the identification and selection of the subprojects and means to ensure fulfilment of criteria on both technical and investment aspects; these criteria should not be amended without Board approval;
 - (d) Reporting requirements on compliance with eligibility criteria throughout the duration of the programme should be in place;
 - (e) The programme should contain mechanisms to ensure that the governance structure is viable and functional throughout the duration of the programme;
 - (f) Such eligibility criteria will have to be based on climate investment to ensure, inter alia, the following are sufficiently established:
 - (i) Sustained impact of investments in subprojects on a continued basis;
 - (ii) Economic sustainability of the underlying subprojects to ensure that they are not one-off investments;
 - (iii) High degree of certainty on contractual structures at the subproject level that assure continued operation of the subprojects;
 - (iv) Legal arrangements and frameworks that facilitate the subprojects' operations as going concerns;
 - (v) Readiness of the country to take onboard and absorb such investments. For example, it should be established that there is a demand for the subprojects and the country has an enabling policy and investment environment;
 - (vi) Visibility on pipeline of potential subprojects;
 - (vii) Environmental, social and compliance risks are within acceptable parameters; and
 - (viii) Any other criteria that are specific to the sector should be covered under the proposed programme;
 - (g) While at the time of approval of such programmatic proposals the tailored eligibility criteria defined in (c) will have to be met, there could be circumstances in which there may be deviations from these criteria following Board approval or during the

implementation stage. Such changes will be addressed under the applicable restructuring policy and may result in a reconsideration by the Board if such change(s) are significant, such as a recategorization of environmental risk; and

- (h) The NOLs of the country(ies) participating in the programme should be provided. In the event that additional countries are to be included in the programme, the corresponding NOLs should be provided and Board approval requested.

2.4 Additional circumstances and requirements applicable to all cases

11. In some circumstances, a programme's features may require a more tailored approach for the submission and approval process. For instance, programmes in the form of financing facilities (e.g. revolving facilities including loans to financial institutions, warehousing lines, grant facilities, guarantee facilities, etc.) have key features that distinguish them from other types of programmes. Key features of these include the homogeneity of subprojects, a high number and/or small size of subprojects, and/or the time-sensitivity of subproject approvals.

12. The following process and requirements would then apply for these types of programmes:

- (a) The AE would set up a governance structure (typically an investment committee) at the programme level to ensure: imposition of the AE's obligations under the accreditation master agreement (AMA)/funded activity agreement (FAA) and Board's approval of the programme; and impartial, free and fair decision-making on the selection of subprojects;
- (b) The AE will identify participating financial institutions or target financial institutions that will finance the subprojects;
- (c) The Secretariat will obtain financial performance information of the AE, specifically related to the financial institution lending portfolio;
- (d) The funding proposal would define a set of clearly defined eligibility criteria, agreed with the Secretariat, covering the technical aspects of each programme (i.e. criteria related to ESS, gender, indigenous people, monitoring and evaluation, risk, fiduciary and financial structuring and legal arrangements) and the GCF investment criteria, with the objective of setting a standard level of quality for the subprojects. In some instances, separate eligibility criteria should be developed for the subprojects, end borrowers/project developers of the subprojects, and financial institutions that will on-lend to the subprojects. Examples of indicative eligibility criteria would be as follows:
 - (i) Impact potential: minimum expected impact per subproject;
 - (ii) Sustainable development potential: minimum expected socioeconomic benefits of each subproject;
 - (iii) Efficiency & effectiveness: minimum expected ratio of carbon dioxide/USD invested for each subproject, minimum co-financing ratio of each subproject, potential adverse impact of specific subproject(s) on other subprojects;
 - (iv) ESS: type of ESS category of the subprojects to be financed;
 - (v) Gender: minimum gender target for each subproject to be financed;
 - (vi) Risk: indicative pipeline of subprojects, credit category of the direct recipient of GCF financing, and credit category of entities whose risk GCF will be assuming under the programme, portfolio concentration limits;
 - (vii) Compliance: analysis of the impact of taking a programmatic approach can either enhance compliance efforts or alternatively reduce compliance risks and challenges;

- (viii) Legal: type of legal structure of an eligible investee; and
- (ix) Financial: appropriateness of instrument, financial parameters such as capitalization, leverage, coverage or other ratios, conditions precedent, and negative conditions, as may be appropriate;
- (e) The AE will provide an analysis of the financial market conditions of each participating country with a justification for the required concessionality; and
- (f) The AE will provide a detailed description of the technical assistance component of the programme, including identification of potential technical assistance providers.

13. In all three cases, under exceptional circumstances where subprojects cannot be completed as set out in the initial proposal, the AE may apply for an extension of the implementation period. Where applicable, subprojects will follow the guidelines as set forth in decision B.22/13 on the Policy on Restructuring and Cancellation.

14. In all three cases, the AEs are required to disclose to the public and, via the Secretariat, the Board and active observers, the necessary documentation relevant to the ESS of the activities and comply with the required disclosure period. The required disclosure process for individual projects and programmes under the Information Disclosure Policy will also apply to Category A and Category B subprojects of GCF-funded programmes and investments through a medium- to high-level of intermediation.

15. The general approach of GCF is to provide for grievance and redress at the GCF, AE and activity levels. GCF requires that AEs inform the communities affected, or likely to be affected, by the GCF-financed activities about the grievance and redress mechanisms at all three levels at the earliest opportunity in the stakeholder engagement process in an understandable format and in all relevant languages. The details for sending complaints, containing the contact information and the appropriate modes by which these will be received, will be provided by the AEs to the communities and disseminated with other involved institutions.

16. If the AEs are acting as an intermediary, the AEs will require the executing entities to fulfil the activity-level grievance mechanism requirements discussed in this section while maintaining responsibility for its own grievance redress mechanism and will conduct the necessary due diligence and oversight to confirm that these requirements are fulfilled.

17. The AE will develop an environmental social management framework for the programme, including other relevant frameworks (such as a resettlement policy framework, indigenous peoples framework, and stakeholder engagement framework, among others) consistent with the ESS and the GCF Environmental and Social Policy and Indigenous Peoples Policy, and agree a process for subproject disclosure with the Secretariat.

III. Approval of a programme and its subprojects

18. In **case 1**, when a programme is submitted with all subproject(s) fully defined, a funding decision will be made by the Board for the programme proposal based on the funding amount of all subprojects.

19. In **case 2**, future subprojects or phases beyond the initial, fully defined, individual or multiple subprojects will be submitted to the Board for a funding decision when they are fully developed and ready for Board consideration.

20. A programme may also request funding for the future subprojects. In this case, the full amount would be approved at the outset by the Board based on sufficient indicative information on future subprojects, but further disbursements would be subject to approval by the Board of the particular subprojects to be funded through the programme (in addition to the usual conditions precedent that can be cleared by the Secretariat).

21. The funding approval will be time-bound based on programme specifics considering the time frame and complexity of developing the future subprojects or phases. The specific time frame for funding approval should be proposed by the AE in the programme, along with the rationale for such time frame, and will be considered by the Board on a case-by-case basis. Upon the expiration of the pre-defined time frame, the approval will no longer be effective.
22. Once a programme has been Board approved, fully appraised and developed, subsequent subprojects may be candidates for approval through decisions proposed between meetings as the overall programme goals have already been defined.
23. The Board may, at the request of the AEs and the recommendation of the Secretariat, decide to approve a programme in multiple tranches. The Board may do so by deciding that the AE may seek approval of each tranche separately. Prior to any such approval by the Board, the commitment authority of GCF shall not be reduced with respect to such further tranches.
24. Any material deviation from the eligibility criteria would require prior Board approval.
25. In **case 3**, approval of subprojects is undertaken by the AE on the basis of applying the Board approved eligibility criteria. Subprojects are held to the same standard GCF requirements whether they are submitted to the AE prior to the initial programme proposal or after programme approval.
26. Similar to **case 2**, the requested funding amount should be based on sufficient indicative information of future subprojects being developed or to be developed.
27. The funding approval will be time bound based on programme specifics considering the time frame and complexity of developing future subprojects or phases. The specific time frame for funding approval should be proposed by the AE within the funding proposal, along with the rationale for such time frame, and will be considered by the Board on a case-by-case basis. In the absence of an extension and expiration of the pre-defined time frame, the approval will no longer be effective.
28. For the AE to have the authority to approve subprojects, the programme will specify clear and transparent eligibility criteria for the approval of subprojects. The programme will also, in cooperation with the Secretariat, define periodic reporting requirements (quarterly/semi-annually) that AEs will follow to report back to the Secretariat, and that the Secretariat will use to continuously assess the compliance of the AE with the eligibility criteria and, where appropriate, take remedial measures. Such further reporting would be additional to the annual performance reports that are the principal periodic mode of reporting and evaluation described in the monitoring and accountability framework for AEs adopted by the Board in decision B.11/10.
29. The Secretariat and the Board will consider appropriate reporting and assessment as well as other requirements that might be required to ensure implementation of a programme within GCF policies on a case-by-case basis. Following Board approval, the AE would approve subprojects eligible to receive financing from the programme based on eligibility criteria approved by the Board (as part of the funding proposal package).
30. The Board may, at the request of the AEs and the recommendation of the Secretariat, decide to approve a programme in multiple tranches. The Board may do so by deciding that the AE may seek approval of each tranche separately. Prior to any such approval by the Board, the commitment authority of GCF shall not be reduced with respect to such further tranches.
31. Any material deviation from the eligibility criteria would require prior Board approval.

IV. Management, monitoring and evaluation

32. The outcomes, impacts and results delivered by a programme will depend on the collective outputs, outcomes and impacts delivered by the underlying subprojects. Therefore, a programmatic monitoring and evaluation framework, as well as a comprehensive and holistic results management system, would need to be clearly articulated in the funding proposal.

33. In order for the funding of other and/or subsequent subprojects within a programme to be approved, management, monitoring and evaluation processes also need to be in place for all three cases. The proposals must include draft results framework at the programme level with concise output indicators and embedded monitoring and evaluation (M&E) results-based management strategies. The choice of indicators must reflect all the important dimensions of the programme being monitored.

34. There must be an alignment of results at the subproject and programme levels. If possible, a programme M&E system to which the individual projects should contribute should be put in place for aggregation of data and results from the subprojects, especially for knowledge management purposes.

35. At the subproject level, a set of output, outcome and impact indicators needs to be defined and a mechanism for tracking their overall effectiveness in enabling the programme's ability to achieve its defined or expected outcomes. As part of the programmatic M&E framework, periodic monitoring to assess progress towards the achievement of the programme's policy and strategic objectives would need to be defined as well.

36. Other relevant information, including programme implementation modalities, indicative total GCF funding amount, potential co-financing and sources, the programme results framework, the list of subprojects or potential projects, and the programme implementation timeline must be attached to the proposal.

37. Beyond the standard reporting requirements for a standalone project as guided by the monitoring and accountability framework, a programme should also include additional programme-level reporting with the submission of semi-annual progress reports. For example, the AE may report on experience gained, difficulties encountered, and lessons learned from the design and implementation of the programme and how well the programme is achieving added value beyond what a collection of standalone projects would have achieved.

38. The AE would regularly report on the progress of the programme implementation and the other requirements set out in the AMA, in addition to pre-defined reporting requirements set out in the FAA for the programme. Also, programmes need to ensure adequate resources to collect data against the logframe indicators and for the costs related to the conduct of interim and end of project evaluations in accordance with the guidance on AE fees approved at B.19.

Annex III: Review of the programmatic approach of other institutions

Table 1: Programmatic approach of the Green Climate Fund, Climate Investment Funds, Global Environment Facility and Multitranches Financing Facility^a

	Green Climate Fund	Climate Investment Funds^b	Global Environment Facility^c	Multitranches Financing Facility (Asian Development Bank)^d
Definition	Interlinked individual subprojects of phases, unified by an overarching vision and common objective/contributions	A systemic approach at national level that may or may not have subprojects	Country-driven programmes based on national priorities	A multistage, interlinked approach of flexible financing for individual to multisector-based national projects
Objective	Align with the policies of GCF, including environmental, social and gender safeguards	Create synergetic benefits and results that will go above and beyond individual project results	Create synergies across focal areas of the Global Environment Facility within the framework of national sustainable development	Create partnerships between the Multitranches Financing Facility and clients by aligning financing with project readiness and long-term needs
Guiding principle	Common, coherent and valuable compared to individual projects with country ownership	Countries need to develop their own change, and programmes need to be part of the national monitoring and evaluation system	Open and transparent for multistakeholder representation with monitoring and evaluation on regular basis	Flexible financing based on a clear sector strategy outline, including risks and sectoral rationale(s), as well as impact potential
Eligibility Criteria	Impact potential, sustainable development potential, efficiency and effectiveness, environmental and social safeguards, gender, risk, and legal issues	Baselines and targets needed	High level of political and economic commitment to the environment as well as commitment of the domestic government	Medium to long-term projects for inclusive growth: poverty reduction and gender

^a Information adapted from each climate facility's evaluation of "programmatic approach".

^b Climate Investment Funds. 2018. *Evaluation of the Climate Investment Fund's programmatic approach: final report and management response*. Available at <https://www.climateinvestmentfunds.org/sites/cif_enc/files/knowledge-documents/evaluation_of_the_cif_programmatic_approach_final_report_and_management_response.pdf>.

^c Global Environment Facility. 2018. *Evaluation of programmatic approaches in the GEF*. Available at <http://www.gefio.org/sites/default/files/ieo/evaluations/files/programmatic-approaches-2016-vol1_5.pdf>.

^d Asian Development Bank. 2015. *Operations Manual Bank Policies: Multitranches Financing Facility*. Available at <<https://www.adb.org/sites/default/files/institutional-document/31483/omd14.pdf>>. (A conditional partnership with local governments and small to medium-sized enterprises, featuring a standby letter of credit that can be used to extend debt finance or advice.)