

Annex III: List of conditions and recommendations

Table 1. General conditions applicable to all funding proposals

Funding proposal number	Conditions
All proposals	<p><u>Conditions to be met prior to the execution of the funded activity agreement:</u>¹</p> <ul style="list-style-type: none"> (i) Finalization of legal documentation in form and substance satisfactory to the GCF within 180 days of the date of Board approval or the date when all internal approvals by the accredited entity are obtained, whichever is later; (ii) Completion of the legal due diligence to the satisfaction of the GCF; and (iii) Confirmation by the accredited entity, within 120 days of Board approval, that all its internal approvals were obtained;² and <p><u>Conditions for disbursement under the funded activity agreement:</u></p> <ul style="list-style-type: none"> (iv) Fulfilment of any conditions precedent specified in the funded activity agreement to the satisfaction of the GCF.

Table 2. Project-specific conditions and recommendations

Funding proposal number	Conditions
FP 009 (IDB El Salvador)	<p><u>Conditions for the effectiveness of the funded activity agreement:</u></p> <ul style="list-style-type: none"> (i) A certificate which has been issued by an authorized legal officer of the Inter-American Development Bank (IDB), confirming that the funded activity agreement (FAA) entered into by IDB has been duly authorized, duly executed and delivered on behalf of IDB, and is binding upon IDB in accordance with its terms; <p><u>Conditions for disbursement under the funded activity agreement:</u></p> <p><i>For the first disbursement:</i></p> <ul style="list-style-type: none"> (ii) IDB shall provide the GCF with the legal opinions it shall receive from BANDESAL and El Salvador, addressed to IDB and the GCF, which shall establish, with citations of the pertinent constitutional, legal and regulatory provisions, that the obligations undertaken by BANDESAL in the loan agreement, and those of El Salvador in the guarantee contract, are valid and enforceable; (iii) Development of the methodologies to: (1) apply the concessionality of GCF resources to local financial institutions and small- and medium-sized enterprises (SMEs) to ensure that SMEs sufficiently benefit from the project, and (2) apply success fees to incentivize the SMEs, in form satisfactory to the GCF; (iv) Development of the operational regulations of the project, which shall incorporate: (1) the methodologies in relation to item (ii) above with regard to concessionality and success fees; (2) the production of audited reports on the financial activities of the project using the GCF reimbursable funds, in accordance with relevant financial reporting standards; (3) the prevention of access to financing in case of failure to comply with items (1) and (2); and (4) the definition of corrective measures to be applied in case of non-compliance with items (1) and (2); and

¹ The funded activity agreement embodies the legal arrangements between the GCF and the accredited entity, as defined in decision B.07/03, annex VII, section 6.1.

² According to the accreditation master agreement template.

	<p>(v) Approval of the operational regulations by the Board of Directors of BANDESAL, and the non-objection of IDB to the operational regulations.</p> <p><i>For subsequent disbursements:</i></p> <p>(vi) Delivery by IDB of annual performance reports (APRs) and audited annual financial statements for the previous period, in accordance with the accreditation master agreement and as agreed by the parties in the term sheet;</p> <p>(vii) Delivery by IDB of semi-annual reports, as agreed by the parties in the term sheet;</p> <p>(viii) Confirmation by IDB that BANDESAL is applying the corrective measures in accordance with the operational regulations relative to the appropriate application of concessionality and success fees;</p> <p>(ix) Delivery of a request for disbursement by IDB, signed by the person or persons authorized to do so, within thirty (30) calendar days prior to the expected date of disbursement; and</p> <p>(x) Delivery of evidence, satisfactory to the GCF, of the authority of the person or persons authorized to sign the request for disbursement and the authenticated specimen signature of each such person;</p> <p><u>Conditions for the disbursement of the reimbursable resources:</u></p> <p><i>For the first disbursement:</i></p> <p>(xi) The setting up of a revolving account by BANDESAL;</p> <p><i>For subsequent disbursements:</i></p> <p>(xii) Delivery of a confirmation by IDB that the expected pipeline subprojects in the subsequent quarter comply with the project eligibility criteria and correspond to the requested disbursement amount;</p> <p><u>Conditions for Board approval:</u></p> <p>(xiii) In case of inconsistency, the English version of the no-objection letter shall prevail; and</p> <p><u>Additional conditions:</u></p> <p>(xiv) The annual progress report must include regular reporting on terms and conditions of loans made to small- and medium-sized enterprises (SMEs) for comparative assessment with loans normally made to SMEs in El Salvador outside this energy savings insurance mechanism for energy efficiency projects. This will ensure that the concessionality of GCF funds is not majorly appropriated by BANDESAL and the local financial institutions and that a reasonable proportion of the starting loan concessionality is passed on to the SMEs; and</p> <p>(xv) In addition, the annual progress report should also include knowledge-sharing and emission reduction results.</p>
<p>FP 010 (UNDP Armenia)</p>	<p><u>Conditions for the effectiveness of the funded activity agreement:</u></p> <p>(i) Delivery of a certificate issued by the accredited entity's senior legal officer, in a form that is satisfactory to the GCF, certifying that the FAA entered into by the accredited entity has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the accredited entity, and is legally binding and enforceable upon the accredited entity in accordance with its terms;</p> <p><u>Conditions for disbursement under the funded activity agreement:</u></p> <p><i>For the first disbursement:</i></p> <p>(ii) Completion of the detailed evaluation of the financial management capacity of the Municipality of Yerevan and the Environmental Project Implementation Unit of the Ministry of Nature Protection under the United</p>

	<p>Nations Development Programme (UNDP) Framework for Cash Transfer to Implementing Partners as satisfactory to implement the project;</p> <p><i>For the second disbursement (for year two activities):</i></p> <p>(iii) Completion and submission to the GCF in form and substance satisfactory to the GCF and the UNDP of an operational manual for the implementation of financial incentives under Output 4 identifying eligibility and selection criteria for the targeted beneficiaries;</p> <p><u>Additional conditions:</u></p> <p>(iv) The accredited entity shall provide evidence of commitment from financial institution(s) (such as the European Investment Bank which is referred to in the funding proposal), with the aim of confirming the financing of energy efficiency retrofitting for private individual buildings and multiple flat housing complexes;</p> <p>(v) In order to encourage synergy between the components and the successful implementation of component 4, a GCF-led independent technical review of components 1, 2 and 3 should be carried out by using the proponent's co-financing no later than 24 months after the commencement of project implementation. Positive results of this review should be a condition for the disbursement of funds for component 4;</p> <p>(vi) The accredited entity shall submit a fully developed exit strategy in manner and substance satisfactory to the GCF; and</p> <p><u>Recommendation:</u></p> <p>(vii) The independent Technical Advisory Panel (iTAP) recommends a revision of the allocation of the budget earmarked for component 4, giving greater emphasis and priority on public buildings especially hospitals, schools and kindergartens.</p>
<p>FP 011 (UNEP Gambia)</p>	<p><u>Conditions for the effectiveness of the funded activity agreement:</u></p> <p>(i) A certificate in a form that is satisfactory to the GCF, which has been signed by the duly authorized, most senior officer of the United Nations Environment Programme (UNEP) confirming that the FAA entered into by UNEP has been duly authorized by all necessary corporate actions, duly executed and delivered on behalf of UNEP, and is binding upon UNEP, in accordance with its terms;</p> <p>(ii) Delivery by UNEP to the GCF of a letter informing the GCF that the relevant legal agreements for project co-financing by the Government of the Gambia are in place;</p> <p><u>Conditions for disbursements under the funded activity agreement:</u></p> <p><i>For the first disbursement:</i></p> <p>(iii) Develop and submit to the GCF a fiduciary risk plan, that, inter alia, outlines the measures that UNEP will take for enhanced oversight and monitoring of project funding, including in-country funding;</p> <p>(iv) Delivery of a letter by UNEP confirming that the management rights of the 78 forests where the project will be implemented were transferred to community management in the Gambia;</p> <p><i>For the second disbursement:</i></p> <p>(v) Complete a detailed baseline study that will allow for monitoring and assessment of the proposed expected impacts of the project.</p> <p><i>General conditions for all disbursements:</i></p> <p>(vi) Report, in the APRs, the actual contributions to the national forest fund generated by the project for each reporting period;</p>

	<p><u>Additional conditions to be fulfilled during the first year of implementation:</u></p> <ul style="list-style-type: none"> (vii) Deliver a vision of change with specific impact targets of the project and expected short-, medium- and long-term changes; (viii) Provide a complete market study of the community forest enterprises, including supply and demand opportunities, and possible value chains that could ensure better prices to local communities; and (ix) Provide a long-term financial prospect, including expected revenues for the national forest fund and expected revenues from forest enterprises.
<p>FP 012 (WB Mali)</p>	<p><u>Conditions for effectiveness of the funded activity agreement:</u></p> <ul style="list-style-type: none"> (i) Delivery of a certificate issued by the World Bank's Legal Officer, in a form that is satisfactory to the GCF, confirming that the FAA entered into by the World Bank has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the World Bank, and is binding upon the World Bank in accordance with its terms; <p><u>Conditions for disbursement under the funded activity agreement:</u></p> <p><i>For the first disbursement:</i></p> <ul style="list-style-type: none"> (ii) Delivery by the World Bank to the GCF of a letter confirming that the relevant legal agreements for project co-financing by the World Bank (Global Facility for Disaster Reduction and Recovery – GFDRR) and the Government of Mali have become effective; <p><i>For the second disbursement:</i></p> <ul style="list-style-type: none"> (iii) Submission of the final environmental and social management plan, and if applicable, the resettlement action plan; <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> (iv) GCF funding is dedicated for climatic change-related aspects, in particular for funding component 2.3; (v) The TAP also recommends to plan for community engagement in keeping the equipment (i.e. gauges, etc.) in place and secure throughout the life cycle of the project; (vi) The TAP recommends the inclusion of operation and maintenance requirements in procurement agreements with suppliers and after-sales service contracts to ensure the availability of spare parts over the economic life of the project.
<p>FP 013 (UNDP Viet Nam)</p>	<p><u>Conditions for the effectiveness of the funded activity agreement:</u></p> <ul style="list-style-type: none"> (i) Delivery of a certificate issued by the accredited entity's Senior Legal Officer, in a form that is satisfactory to the GCF, certifying that the FAA entered into by the accredited entity has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the accredited entity, and is legally binding and enforceable upon the accredited entity in accordance with its terms; <p><u>Conditions for disbursement under the Funded Activity Agreement:</u></p> <p><i>For the second disbursement (year two activities):</i></p> <ul style="list-style-type: none"> (ii) Completion of the detailed evaluation of the financial management capacity of the MARD and the responsible parties under the UNDP Framework for Cash Transfer to Implementing Partners as satisfactory to implement the project; <p><u>Additional conditions to be fulfilled during the first year of implementation:</u></p> <ul style="list-style-type: none"> (iii) Providing further elaboration of component 3, related to the disaster database and information related to the system, including: <ul style="list-style-type: none"> (a) The type of information that will be included in the system; (b) Management arrangements to develop and maintain the information system; and

	<p>(c) Ways to maintain information flows with relevant stakeholders, including affected communities and provinces;</p> <p><u>Recommendation:</u></p> <p>(iv) Completing an examination of additional retrofit requirements for making the houses equally resilient to cyclonic winds (of cyclone categories 1 and 2) as to flooding risks, and integrate those lessons into the implementation of component 1 before the release of the year 2 allocation.</p>
<p>FP 014 (WB Tajikistan and Uzbekistan)</p>	<p><u>Condition for the execution of the funded activity agreement:</u></p> <p>(i) The accredited entity provides to the Board, through the Secretariat, satisfactory evidence of the following:</p> <p>(a) Details on how the project intends to achieve transformational change and provide a theory of change, including long-term sustainability criteria;</p> <p>(b) Further details on how the long-term financial sustainability of the project will be secured, including an assessment of the opportunities for the mobilization of future finances;</p> <p>(c) Details on the key barriers, including legal and regulatory frameworks, which may impact project effectiveness and efficiency;</p> <p>(d) Details on the selection criteria that will be used to inform approval or otherwise of subinvestments;</p> <p>(e) Details on how the accredited entity will ensure that the project activities will complement and not overlap with existing projects in the region, as well as the project's intended interaction with other projects financed by the World Bank Group;</p> <p>(f) An overview of the local political context and a detailed assessment of political and governance risks in each of the project's host countries;</p> <p>(g) Details on how the project will fully integrate gender considerations into the project's approach and its results targets;</p> <p>(h) Details on the rationale behind the project's use of grant funding by the GCF as opposed to other instruments (e.g. loans); and</p> <p>(i) Details on the stakeholder groups consulted by the accredited entity during the design of the project;</p> <p><u>Conditions for the effectiveness of the funded activity agreement:</u></p> <p>(ii) Delivery of a certificate issued by the World Bank's Legal Officer, in a form that is satisfactory to the GCF, confirming that the FAA entered into by the World Bank has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the World Bank and is binding upon the World Bank in accordance with its terms;</p> <p><u>Conditions for disbursement under the funded activity agreement:</u></p> <p><i>For the first disbursement:</i></p> <p>(iii) Provision of a certificate by the accredited entity to the GCF confirming that the legal agreements for Project co-financing by the International Development Association have become effective;</p> <p>(iv) Finalization of the Grant Operational Manual for Component 2 that has been previously consulted with relevant communities for its viability and purpose, including long-term sustainability plans, detailed eligibility and selection criteria, a detailed application process, application formats, the terms and conditions of the grants, the approval process, and the roles of the various parties by the executing entities satisfactory to the World Bank;</p> <p><u>Additional conditions for first disbursement:</u></p> <p>(v) A selection of concrete transboundary ecosystems that will be targeted with the project interventions, including community arrangements and possible impacts;</p>

	<p>(vi) An agreement with the Governments of Tajikistan and Uzbekistan in order to develop the project in a way that could be appropriated in the long term by the country institutions in charge of agriculture and rural development or related institutions; and</p> <p>(vii) A detailed list of possible locally based organizations that could be contracted to assist beneficiaries in the preparation and implementation of rural investments, with demonstrated capacities on community engagement, project development and management and with experience in delivering climate change adaptation.</p>
FP 015 (UNDP Tuvalu)	<p>(i) The GCF proceeds shall not be used for financing activities related to disaster response and relief under Output 3; <u>Conditions for the effectiveness of the funded activity agreement:</u></p> <p>(ii) Delivery of a certificate issued by the accredited entity's Senior Legal Officer, in a form that is satisfactory to the GCF, certifying that the FAA entered into by the accredited entity has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the accredited entity, and is legally binding and enforceable upon the accredited entity in accordance with its terms; <u>Conditions for disbursement under the funded activity agreement:</u> <i>For the second disbursement:</i></p> <p>(iii) Provision of a detailed operational manual for the performance-based fiscal transfer under Output 3 to the GCF specifying financial flow, financial mechanism structure and governance, and eligibility criteria prior to the second disbursement (for year-two activities) by the GCF to the accredited entity; <u>Recommendations:</u></p> <p>(iv) Support maximum involvement and use of national institutions in all components of the project implementation as all of them are equally important with regard to increasing the sustainability of the project in the long run; and</p> <p>(v) Implement the project under the national implementation modality instead of direct implementation from UNDP weakening the country's sustainable development process, which is the key contribution of the project. National implementation with strong support and quality assurance from the UNDP side would be a real demonstration of country ownership.</p>
FP 016 (UNDP Sri Lanka)	<p><u>Conditions for the effectiveness of the funded activity agreement:</u></p> <p>(i) Delivery of a certificate issued by the accredited entity's senior legal officer, in a form satisfactory to the GCF, certifying that the FAA entered into by the accredited entity has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the accredited entity, and is legally binding and enforceable upon the accredited entity in accordance with its terms; and <u>Conditions for disbursement under the funded activity agreement:</u> <i>For the second disbursement (year-two activities):</i></p> <p>(ii) Completion of the detailed evaluation of the financial management capacity of the Ministry of Mahaweli Development and Environment and the responsible parties (the Departments of Agrarian Development, Agriculture and National Community Water Supply, the National Water Supply and Drainage Board, and the Ministry of Disaster Management), under the UNDP Framework for Cash Transfer to Implementing Partners as satisfactory to implement the project.</p>
FP 017 (CAF Chile)	<p><u>Condition for the effectiveness of the funded activity agreement:</u></p> <p>(i) The loan agreement executed with the executing entity for the implementation of the project shall contain the following with respect to any carbon credits existing or future in relation to the project: (a) a covenant on</p>

	<p>the prohibition of the use of such carbon credits by the executing entity; and (b) the undertaking by the executing entity to cancel/retire such carbon credits;</p> <p><u>Conditions to be fulfilled before first disbursement:</u></p> <p>(ii) Firm contracts pertaining to the 45-kilometre transmission line construction should have been entered into;</p> <p><u>Recommendations:</u></p> <p>(iii) It is recommended that debt disbursements be made in the same proportion as equity; and</p> <p>(iv) The funding proposal is classified by Banco de Desarrollo de América Latina (CAF) as a cross-cutting project. However, only mitigation core indicators and mitigation relevant impact and outcome indicators are reported against the GCF performance measurement frameworks. Given the fact that the climate adaptation contribution of the project is mainly related to a potential longer term co-benefit, it is recommended that CAF classifies this investment as a mitigation project rather than a cross-cutting one by the time of effectiveness of the FAA. At that time, if the project is still considered to be a cross-cutting intervention, CAF shall report on the GCF core indicator for adaptation and applicable adaptation results and indicators in accordance with the GCF adaptation performance measurement framework, this condition shall be fulfilled within three months of the first disbursement;</p> <p>(v) The TAP recommends that the Secretariat receives evidence from CAF that the proposed project is part of the national alternative energy plan, including its relationship with other relevant current projects and its contribution to the nationally determined contribution; and</p> <p>(vi) The TAP recommends that the project team develops a knowledge-sharing programme in order to disseminate information on the project impacts and lessons learned through project implementation and operation in order to assist stakeholders, such as local and international businesses and banks, to promote their involvement in developing solar power generation in Chile. In this context, relevant information should be gathered and reported periodically to the Secretariat in order for it to be effectively used in the programme. The programme may consider funding under a separate project or modality, as appropriate.</p>
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