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# Enhancing Direct Access (EDA)

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Guidelines for EDA project development with the Green Climate Fund

December 2020



## GCF GUIDEBOOK SERIES

### EDA guidelines for project development with the Green Climate Fund

Guidelines for project development

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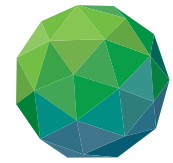
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**Green Climate Fund**  
Songdo Business District  
175 Art Center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea

+82 (0)32-458-6039  
[eda@gcfund.org](mailto:eda@gcfund.org)  
[greenclimate.fund](http://greenclimate.fund)



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# GLOSSARY OF KEY TERMS

**Accredited entities (AEs):** Institutions or organizations accredited to the Green Climate Fund (GCF) through the accreditation process to carry out a range of activities, including developing and submitting project/programme funding proposals and overseeing the management and implementation of projects and programmes. Only AEs can submit funding proposals to the GCF. There are two types of accredited entities: direct access and international access. Only direct access entities are eligible to submit enhanced direct access (EDA) projects.

**Beneficiaries' representatives:** Committee or group which represents all the direct and indirect beneficiaries within the communities that are impacted by the project/programme.

**Call for proposals (CfPs) or request for proposals (RfPs):** A request for submission of funding proposals from direct access entities which include public sector institutions or private sector entities and non-governmental organizations operating at regional, national or subnational level. RfPs/CfPs have specific eligibility standards, project requirements and an allocated budget envelope which are published periodically on the GCF official website as approved by the GCF Board.

**Country ownership:** A set of goals placing maximum responsibility for the development of national programmes, and the management and oversight of resources, at country level, using a multiplicity of stakeholders; programmes are implemented through national government bodies and other public, non-governmental or private entities. Submitted funding proposals are expected to align with the existing policies such as nationally determined contributions (NDCs), national adaptation programmes of action (NAPA) and nationally appropriate mitigation action (NAMA) as well as the national climate strategy of the country with the involvement of the national designated authority.

**Direct access entities (DAEs):** Institutions that apply for accreditation through the direct access modality. They are regional, national and subnational institutions that are required to provide evidence of a nomination from a national designated authority (NDA) or focal point with their application documents. Entities that are accredited under the direct access modality, or wish to be

accredited, are eligible to apply for the enhancing direct access (EDA) pilot. They may be ministries or government agencies, development banks, climate funds, commercial banks, private foundations and non-governmental organizations.

**Environmental and social safeguards (ESS):** A set of criteria that aims to address key environmental and social risks in the implementation of activities to be funded by GCF. Each direct access entity is required to have a set of ESS standards that is equivalent to the GCF ESS standards within the scope of its accreditation and to apply those standards in GCF projects.

**Executing entities (EEs):** Entities through which GCF proceeds are channeled to execute, carry out or implement a GCF funded activity. DAEs can also carry out the functions of EEs. The GCF requires DAEs to evaluate the capacity of and engage relevant EEs based on their ability to channel or use GCF proceeds and implement GCF funded activities in accordance with GCF policies and requirements.

**Fiduciary standards:** Basic and specialized fiduciary requirements that accredited entities need to comply with depending on the nature of the activities funded by GCF. The GCF initial fiduciary standards are set out in Annex II of B.07/11.<sup>1</sup> There are three specialized fiduciary standards that AEs may be accredited for: i.) specialized fiduciary criteria for grant award and/or funding allocation mechanisms; ii.) specialized fiduciary criteria for on-lending and/or blending (for loans, blending, equity and/or guarantees); and iii.) specialized fiduciary standards for project management. Only specialized DAEs with the fiduciary standards of grant award and/or funding allocation mechanisms and on-lending and blending are eligible to submit EDA projects.

**Financial instruments:** A variety of instruments in the form of grants, concessional loans/lending and other modalities. As approved by the GCF Board, GCF works through AEs, who may deploy resources in approved projects and programmes by using a diverse range of financial instruments, focusing on but not limited to grants, concessional loans, equity and guarantees.

<sup>1</sup> <https://www.greenclimate.fund/document/initial-fiduciary-principles-and-standards-fund>

**Financial vehicle:** An established financial mechanism set up to fund a subproject at the national and/or local level. It can be trust funds, national funding facilities or budget allocations. Enhancing direct access (EDA) can help to further support and add value to these funds to develop and implement projects.

**Funding proposal (FP):** A set of documents prepared by the DAEs using a GCF standard template<sup>2</sup> (i.e. funding proposal and its annexes) that is submitted to GCF to formally request funding for a project.

**GCF Investment Framework:** A clear guideline for GCF investment decision-making which comprises policies, targets and criteria to inform the design, assessment and approval of GCF funding proposals.

**GCF results management framework (RMF):** A performance measurement framework to ensure effective monitoring and evaluation of the outputs, outcomes and impact of GCF's investment and portfolio as well as of its organizational effectiveness and operational efficiency. It also includes measurable, transparent, effective and efficient indicators to support GCF operations, including economic, social and environmental development co-benefits and gender sensitivity.

**Gender policy:** A policy to ensure GCF will contribute to gender equality through a gender-sensitive approach and will, in turn, achieve greater and more sustainable climate change results. The gender policy is applied to all GCF activities, whether implemented by international, regional, national or subnational, public or private entities and institutions that access GCF resources.

**Independent Technical Advisory Panel (iTAP):** The independent Technical Advisory Panel (iTAP) is an independent body made up of six international experts: three from developing countries and three from developed countries. The iTAP assesses the funding proposals against the six GCF investment criteria, and can add conditions and recommendations to the funding proposal at its discretion.

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

**National designated authorities (NDA) and focal points:** Government institutions that serve as the focal point between each country and GCF. NDAs provide broad strategic oversight of GCF activities in the country and communicate the country's priorities for financing low-emission and climate-resilient development. A directory of NDAs is available on the GCF website.<sup>3</sup>

**Proposal approval process (PAP):** An application process for small, medium and large-scale projects or programmes which require a GCF contribution of more than USD 10 million. All AEs, including international and direct access entities can submit funding proposals under PAP.

**Simplified approval process (SAP):** An application process for micro scale projects or programmes which require GCF contribution of up to USD 10 million and have very minimal environmental and social risks and impacts. SAP aims to approve funding for a project which is ready for scaling up and has potential for transformation to adapt to and/or mitigate climate change. The SAP particularly encourages DAEs to submit funding proposals. More information can be found in the GCF brief: Simplified Approval Process.<sup>4</sup>

**Steering committee (SC):** A composition of representatives of the institutions involved in the project/programme, including the GCF national designated authority, representatives of the beneficiaries, civil society organizations, the private sector and academia.

<sup>2</sup> <https://www.greenclimate.fund/document/funding-proposal-template>

<sup>3</sup> <https://www.greenclimate.fund/about/partners/nda>

<sup>4</sup> <https://www.greenclimate.fund/document/gcf-brief-simplified-approval-process>

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These Guidelines were informed by consultations organized in partnership between the World Resources Institute (WRI) and the Green Climate Fund (GCF), including GCF's National Designated Authorities (NDA), Accredited Entities (AE) and the Global Commission on Adaptation's Locally Led Adaptation Action Track.



# INTRODUCTION

The EDA pilot phase aims to enhance access to GCF climate finance by sub-national, national and regional, public and private accredited entities. It sets aside USD 200 million for at least 10 pilots, including at least 4 pilots to be implemented in small island developing states (SIDS), least developed countries (LDC) and African states.

Over the course of the EDA Pilot phase, the need to provide further guidance on EDA project development to GCF Direct Access Entities (DAEs), National Designated Authorities/Focal Points (NDA/FP) and other relevant stakeholders' has emerged.

These guidelines were developed to address this gap by clarifying the features that distinguish EDA projects and programmes from other ones, including guidance on ways to design EDA specific elements such as peculiar governance arrangements.

This publication is not meant to be prescriptive and only aims to provide general guidance. The local context and the specific communities' climate adaptation and mitigation needs are the factors that should primarily shape the design of EDA interventions.

These guidelines benefited from insights and feedback of various organizations involved in the implementation of locally-led climate actions, including GCF DAEs and NDAs. This publication will be updated and improved overtime as the GCF draws lessons from the implementation of EDA projects and programmes. Inputs and suggestions are welcome and may be shared with GCF Secretariat: Mr. Demetrio Innocenti, Mr. Baptiste Gaydon and Ms. Ani Waiba, who compose the EDA team, can be reached via email at [eda@gcfund.org](mailto:eda@gcfund.org).



# PART I: THE ENHANCING DIRECT ACCESS (EDA) APPROACH

## A. OBJECTIVE OF THE PILOT

The objective of the EDA pilot is “to enhance access by sub-national, national and regional, public and private entities to the Green Climate Fund (the Fund). This will include devolved decision-making to such entities, once accredited, and stronger local multistakeholder engagement”.<sup>5</sup> In doing so, the **EDA pilot intends to promote country ownership of projects and programmes by empowering local actors with climate finance decision-making to best address their climate needs** through a dedicated envelope of resources for GCF’s DAEs.<sup>6</sup>

EDA projects allow an effective operationalization of modalities with the potential to enhance access to the GCF funding by sub-national, national and regional, public and private entities.



The current EDA aims to finance at least 10 pilot projects and programmes, including at least 4 pilots to be implemented in small island developing States, the least developed countries and African States.

**EDA projects hinge their design on establishing or supporting existing financial vehicles** (e.g. trust funds, funding facilities, country financing mechanisms, etc.) that can provide finance to subprojects at the national and/or local level. Once an EDA funding proposal is approved, the subprojects to be financed through the established financing vehicle should be approved by a decision-making body that should be described in the EDA funding proposal. This implies that the screening, assessment and selection of specific subprojects would be made at the regional, national and/or subnational level.

**Decision-making should follow a comprehensive approach** involving local actors such as civil society, local governments, private sector (or their representatives), central government entities (CBO) as well as other relevant stakeholders, as appropriate, depending on the levels of screening, assessment and selection of specific subprojects.

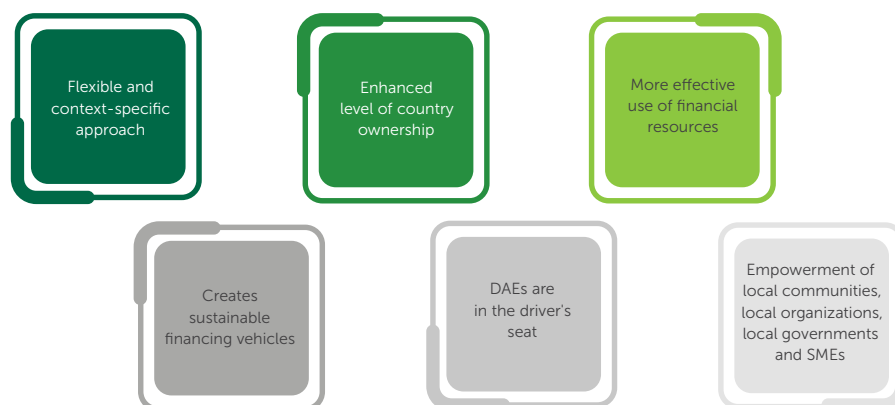
Cognizant of country specificities, the EDA pilot provides flexibility to accommodate a broad range of country conditions and circumstances to ensure effective delivery of funding.

<sup>5</sup> Decision B.10/04, Annex I.

<sup>6</sup> The definition and list of entities accredited to GCF as “Direct Access” can be found at: <https://www.greenclimate.fund/about/partners/DAE>

DAEs have a key role to play in the EDA pilot since they are responsible for ensuring compliance by all executing entities (EEs) with their own rules, policies and procedures, thereby guaranteeing compliance with GCF standards, policies and procedures, including the environmental and social standards and information disclosure policies. Based on EDA requirements, **DAEs should be accredited for the right specialized fiduciary standards**, either grant award/funding allocation mechanisms, or on-lending and/or blending, depending on the nature of the activities to be undertaken. **Figure 1** illustrates the advantages of EDA.

**FIGURE 1. KEY ADVANTAGES OF ENHANCED DIRECT ACCESS**



## B. OPERATIONAL MODALITIES

### 1. WHAT IS THE SCOPE OF EDA PROJECTS?

- a. GCF requested amount is not set, however, given the size of the current envelope and requirements, it is expected to be **on average USD 20 million** per EDA pilot proposal. This figure excludes co-financing;
- b. EDA projects may be funded through the simplified approval process (SAP) access window;
- c. Resources may be channeled through **grants, loans, equity or guarantees**, depending also on the entity's accreditation scope and the nature of the activities proposed;
- d. While EDA projects may be undertaken in all regions, **at least four pilots are to be implemented in small island developing States, the least developed countries and African states**; and
- e. EDA projects may benefit from the Project Preparation Facility (PPF), including for the development of their annexes, following the endorsement of the EDA Concept Note by GCF's Climate Investment Committee.

#### ELIGIBLE ACTIVITIES



**1**  
**ADAPTATION AND MITIGATION ACTIVITIES**, in line with the GCF's Results Management Framework in both public and private sector



**2**  
**ACTIVITIES SUPPORTING COMMUNITIES**, grassroots organizations, indigenous people, or small and medium-enterprises (SMEs)



**3**  
**ACTIVITIES OF ENVIRONMENTAL AND SOCIAL RISK** Categories B and C

While EDA projects devolve decision-making on subprojects to local stakeholders, the GCF Secretariat and the independent Technical Advisory Panel (iTAP) still need to be provided by the DAE with information and clarity regarding the ways in which the EDA proposal and the subprojects will comply with GCF policies, standards and procedures.

The DAE is expected to develop an EDA proposal and all mandatory annexes as requested by the submission modality (PAP or SAP) (see section III), to capture details regarding what the subprojects will ultimately deliver based on their selection criteria, and the processes in place to secure their compliance with GCF investment criteria, policies and standards.

In particular, the DAE shall commit to maintain certain appraisal standards during the review of the subprojects submitted for financing under the EDA, so that the contribution of these subprojects to the GCF Results Management Framework/ Performance Measurement Framework<sup>7</sup> and compliance is maintained.

## 2. WHO CAN SUBMIT EDA PROJECTS?



Direct Access Entities (DAEs) should be accredited for grant-award/funding allocation mechanisms and/or on-lending and blending to submit EDA projects

DAEs, either accredited or applying for accreditation, and National Designated Authorities/Focal Points (NDA/FP) can submit EDA concept notes (CN). Only already accredited DAEs can submit EDA funding proposals (FP).

If the EDA proposal is submitted under the simplified approval process (SAP), the concept note is mandatory and should be submitted through the SAP online submission system.

## 3. WHAT ARE THE MAIN FEATURES OF EDA PROJECTS?

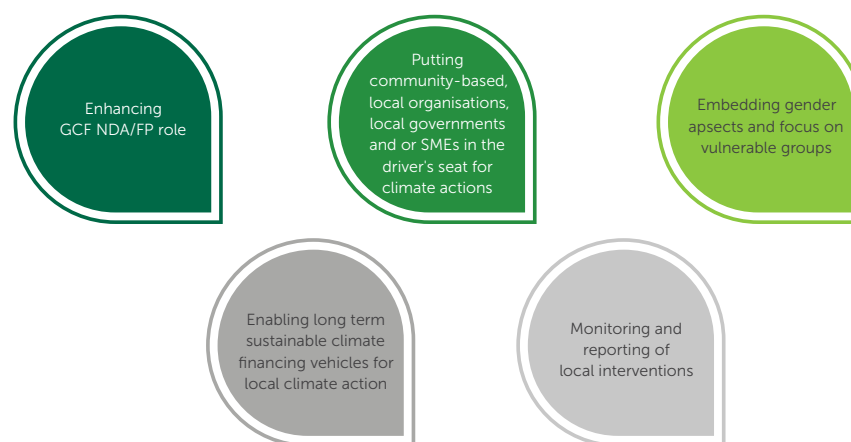
Generally, EDA projects are expected to:

- a. Support community-based organizations, local organizations, local governments or micro and small to medium enterprises (SMEs);
- b. Target local actors, addressing gender aspects and the needs of vulnerable communities;
- c. Differ from the traditional direct access modality since there will be no submission of individual projects or programmes to GCF, and decision-making for the funding of specific subprojects will be devolved to the local level.

<sup>7</sup> <https://www.greenclimate.fund/sites/default/files/document/gcf-b07-04.pdf>

In order to achieve that, EDA projects may focus on the following features:

**FIGURE 2. FEATURES OF EDA PROJECTS**



### Enhanced GCF NDA/focal points' role

Considering that one of the objectives of the EDA pilot is to enhance country ownership and devolve decision-making at the country level, **NDAs/focal points should be actively involved from the origination to the implementation of EDA projects.**

As such and in addition to the usual tasks assigned to the NDA/focal point, **they should participate in the preparation of the EDA proposal and subsequently in the oversight of the country pilot** in accordance with the EDA pilot Terms of Reference.<sup>8</sup>

### Putting community-based organizations, local organizations and/or SMEs in the driver's seat

Local actors are a heterogeneous group across the realities of countries and scales as they may include community organizations, small and medium enterprises (SMEs), indigenous people's associations, local governments, women's unions, amongst many others in the public and private sectors. For the purposes of these guidelines, they are commonly referred to as local actors, or local stakeholders, bearing in mind that this may cover different institutions or groups depending on a given country, region, or project.

Those actors have a key role to play in addressing climate change, but often face significant difficulties in accessing climate financing due to lack of capacity and structured financial approaches. Local governments are often responsible for many climate sensitive sectors, yet they are faced with limited financial means to address climate change. However, **these various local actors are paramount to the success of climate projects, especially those focusing on adaptation outcomes.** An EDA proposal

<sup>8</sup> In accordance with the EDA terms of reference, the role of the NDAs/focal points, includes the following:

- Communicating the country's strategic frameworks within which prospective entities will develop pilot proposals;
- Inviting and selecting subnational, national and regional entities, from the public and private sectors, to propose pilot proposals for consideration by GCF;
- Nominating the selected entities for accreditation by GCF; and
- Participating in the appraisal of the pilot proposals and subsequently in the monitoring and evaluation of the country pilot in accordance with relevant GCF guidelines.

should not present local actors as mere beneficiaries of GCF financing, but rather as **active agents of change** without whom the project is unlikely to achieve its impact and paradigm shift potential as well as its medium and long-term sustainability once the implementation stage is completed. Working with local actors through country systems or with SMEs through market approaches furthermore allows for scalable and systemic models with proven replicability.

**The proponent DAE should therefore demonstrate that the EDA pilot project will empower local organizations and/or support local governments and SMEs** thanks to its structure based on carefully and transparently selected actors, including, for example, local women's unions and associations, cooperatives, and districts.

The DAE should also demonstrate how such groups were meaningfully embedded into the consultation processes of the EDA proposal and how their specific needs are addressed through the EDA facility. **The DAE should ensure that relevant local actors are allocated functions in the origination, appraisal, implementation, further management and monitoring of subprojects.** This will not only lead to climate impact at the community level but will also result in longer-term empowerment of local community-based organizations and indigenous people's associations through their role in the EDA facility.

A general indication of the area where the EDA sub-projects will take place should be provided, with an analysis of the relevant climate vulnerabilities and rationale for the type of interventions that will be financed. The DAE may need to present an Environmental and Social Management Framework (ESMF) or an environmental and social management system (ESMS) at the funding proposal stage, including a Land Acquisition and Resettlement Framework and Indigenous Peoples Planning Framework if relevant.

Environmental and social impact assessments and development of the environmental and social management plan may also have to be undertaken for each selected subproject, if the risk category will be assessed as above none or minimal risks.

Due diligence processes at the subproject level for environmental and social risks should be codified in the ESMF or equivalent existing framework from the entity fulfilling the EDA facility function. It is also recommended that the DAE provide support and guidance to executing partners to undertake such due diligence, as necessary.

In the elaboration and implementation of EDA funding proposals, DAEs are expected to consider the criteria included in GCF's best-practice options for country coordination and multi-stakeholder engagement, as set out in Annex XIV to decision B.08/10 and the priorities identified in the countries' climate strategies and action plans. Further guidance is available in the sustainability guidance note: 'Designing and ensuring meaningful stakeholder engagement on GCF-financed projects'.<sup>9</sup>



### Embedding gender

Gender plays a particularly important role in EDA projects as they rely on and aim to support and benefit local actors and communities, including women. Gender should therefore be embedded from proposal origination to implementation, as in all GCF funding proposals. GCF's Gender Policy<sup>10</sup> provides further information.

<sup>9</sup> <https://www.greenclimate.fund/document/sustainability-guidance-note-designing-and-ensuring-meaningful-stakeholder-engagement-gcf>

<sup>10</sup> <https://www.greenclimate.fund/document/gender-policy>

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**The identification of community-based organizations, as well as local actors and territories that the EDA finance will target, should be done through the lens of gender equality and women's empowerment.** Additionally, gender should be a **key parameter when setting up the implementation arrangements of EDA projects** to ensure that gender is factored in when choosing or creating implementing bodies and when functions are being allocated between them.

Similarly, **gender should be one of the core elements of the selection criteria of subprojects** in order to ensure that the EDA facility as a whole delivers the expected impact with respect to gender. In doing so, the facility will pave the way for gender-responsive and locally led climate action.

In terms of the gender requirement for EDA funding proposals, the DAE is expected to provide a Gender Assessment and Action Plan at a programmatic level, for instance at the country level or sector level, using the available knowledge and data (sex disaggregated) at whatever scale is known.

Once specific territories and local actors are identified during the project implementation, sub-gender assessments and action plans will also have to be undertaken by each selected local actor engaged in planning and delivering subprojects, with a view that future subprojects beyond the EDA project duration will benefit. Considering those are still unknown at the funding proposal stage for EDA projects, the DAE should make sure that gender-related due diligence at the subproject level is codified, for example in the project's or partners' operational manual. Alternatively such information may be provided in guidance that will be given by EDA or as an area of support/capacity development that can be provided by EDA to the subprojects at the programmatic level.

It is also considered best practice that the DAE provide support to executing partners to undertake gender-related due diligence.



### **Monitoring/reporting of local interventions**

EDA projects imply locally led subprojects which may entail social and environmental risks, including related to indigenous people and gender aspects. They require elements of monitoring and reporting to ensure that such risks, if any, are properly identified and appropriately mitigated throughout the course of the project and subprojects.

**Monitoring and reporting should be carried out involving local actors.** Dedicated technical assistance and capacity-building can be provided to ensure that they have the resources to determine what their needs are in order to be successful and feel the value that monitoring and evaluation and learning creates at the local level.

**Evaluation and learning should also be enabled throughout the project implementation with the view to formulate recommendations to increase effectiveness, efficiency and timeliness** of the EDA facility over the course of the EDA proposal and beyond. Many of the EDA facilities are expected to live past GCF's exit from the EDA interventions and create impact over time, provided that the facility can be sustained. Lessons learned through evaluation will increase the chance of the EDA facility to last over time and potentially to initiate scale-ups.

The operational manual should also look at monitoring and reporting at the subproject level, in which the DAE should make sure that local actors possess a monitoring system able to capture the climate impact of the project.



Each subproject should come with a set of measurable indicators and baselines against which progress will be reported, in line with the EDA approved proposal. **Indicators for subprojects should also be developed and agreed upon with relevant local actors**, in particular communities, when relevant. This element is particularly important in EDA projects since they will be the mechanism used by the DAE to demonstrate the impact generated by the EDA proposal over time and across subprojects.



### Enabling long-term sustainable climate financing vehicles for local climate action

EDA projects seek to establish or support existing financial vehicles (including trust funds, funding facilities, country financing mechanisms amongst others) at the local/regional/national level which should aim to be sustained past the GCF project duration to ensure higher impact and sustainability. **DAEs should therefore strive to demonstrate throughout the proposal how the project's sustainability and ownership will be ensured in the long run after project closure**, including how the project's financial vehicles, modalities, results and benefits will be sustained.

In terms of financial sustainability, the EDA allows for various modalities to be put in place. Depending on each individual project, DAEs may consider using grants, loans and guarantees to enable the financial vehicle to sustain itself or self-replenish over time as may be applicable and beyond the GCF intervention.

Alternatively, or simultaneously, sustainability of the financial vehicle may be supported by government interventions, for instance by the allocation of environmental tax revenues to the vehicle or other source of predictable finance.

Funding from GCF can offer the initial capitalization to an EDA facility, designed by the national and local authorities to address their specific climate needs. In doing so, local actors have the opportunity to ensure continued improvement of the EDA facility, including in terms of impact and cost-efficiency, through monitoring, reporting and evaluation that is inclusive of relevant communities, groups and stakeholders.

If suitable national or local facilities already exist and have proven to be successful, DAEs could build an EDA intervention that complement the existing national/local mechanism, such as national climate change funds, blending resources. While many governments have set up funds for climate projects or social protection, these might require additional financing to increase their impact or climate-proofing development gains. Relying on already existing financial vehicles, programmes or facilities allows for increased efficiency and decreased transactional costs, both for the DAE and GCF.

**EDA PROJECTS/PROGRAMMES SHOULD BE DESIGNED WITH A LONG-TERM VIEW FROM THE ONSET. THIS MEANS THAT THE FOLLOWING ASPECTS SHOULD BE CLEAR IN THE FUNDING PROPOSAL PRESENTED TO THE GCF:**

- 1. The identification of a long-term source of finance that will phase out the GCF initial capital investment in the facility. This can be shown:**
  - a. By commitment from other national or international institutions to sustain the recapitalization of the EDA facility following GCF exit from the implementation; and
  - b. By identifying a stream of revenues that will re-finance the EDA facility, for example:
    - i. A commitment from the national authority to use revenues from levies/taxes (e.g. environmental levies) for long-term financing of the facility; and
    - ii. For EDA that proposes public-private/private sector activities, a plan to create a sustainable stream of revenues from these activities/loans that will be financed by the EDA facility so that it will allow the long-run operations of the EDA facility (in such cases, it is important that the EDA proposal should be accompanied by a strong financial model and analysis).
- 2. A road-map for a mid-term review and final evaluation/review at the end of each replenishment cycle of the EDA facility.** These will focus on lessons learnt and the continuous improvement of local climate-level subprojects and investments that proved to be more cost-efficient and impactful. This mean a "re-calibration" of the facility investment areas and priorities, at each replenishment cycle, based on the evidence gained from the ground.

## PRIVATE SECTOR EDA PROJECTS

The EDA equally targets support to local private sector, especially small and medium enterprises (SMEs). **EDA funding proposals can establish or support financial vehicles that focus on concessional credit lines, equity investments, or guarantees** that can bring added-value for the local communities and groups, strengthen value chains and create/support local economies and markets.

This could be achieved at different levels and in different ways, for example by embedding social responsibility in the selection of subprojects from local businesses and/or through private-public partnerships (especially with local financial institutions or local branches of national financial institutions), ensuring that both communities and the local private sector benefit from the subprojects and guaranteeing an appropriate concessionality that does not crowd out business or local financial intermediaries. With a high degree of sustainability, such a funding facility would have potential to drive joint climate-resilient and low-emission development pathways between local businesses and local communities in the long run.





# PART II: DEVELOPING AN ENHANCING DIRECT ACCESS PROPOSAL

## A. OVERALL STRUCTURE (FUNDING PROPOSAL TEMPLATE SECTION B.3)

The EDA pilot ToR provided the indicative content of an EDA funding proposal, of which a succinct summary is indicated in **Figure 3**. The main elements listed in the ToR are part of the content that should be provided in accordance with GCF funding proposal templates.<sup>11</sup>

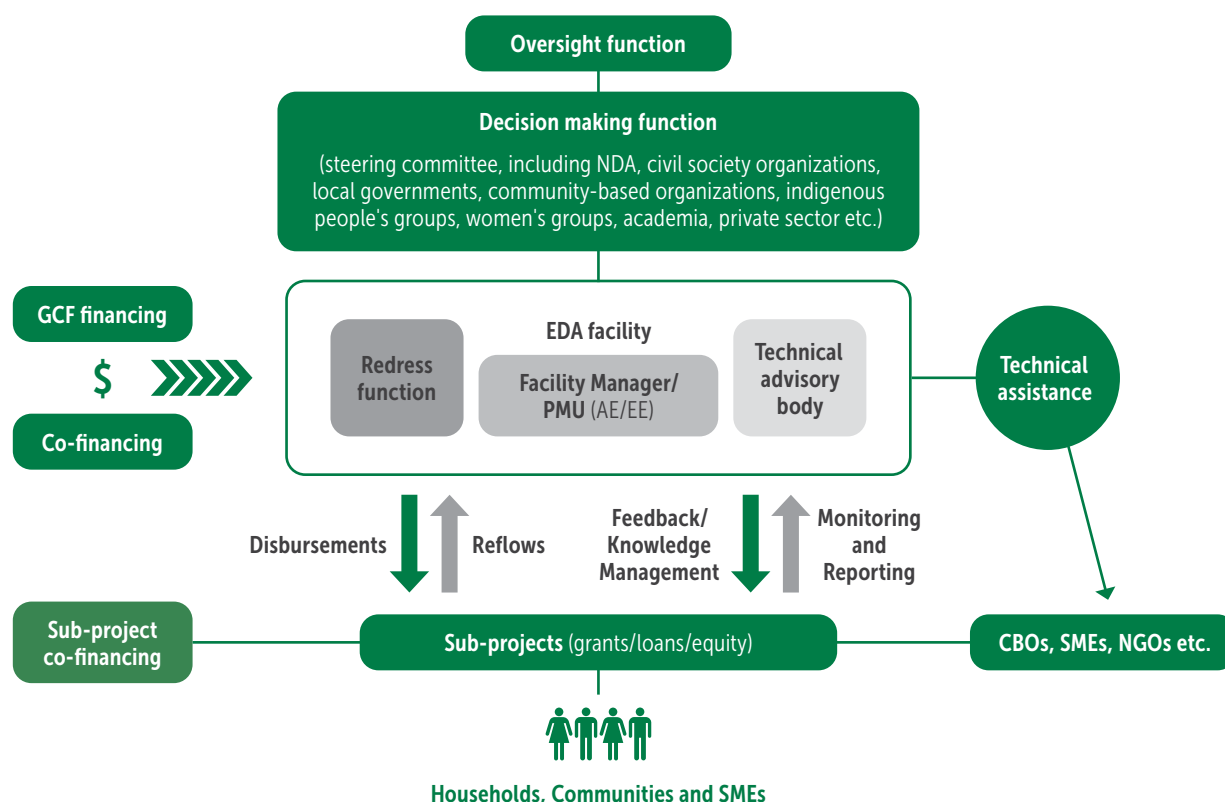
**FIGURE 3. MAIN ELEMENTS OF EDA PROJECTS**

- A description of the consultation and selection process;
- A description of the climate rationale and climate-related issues that the EDA intervention will address.
- A description of the proposed scope of activities, including objectives, type, sectors, size and geographic locations (the pilot's specific objectives and goals should be aligned with the GCF results management framework);
- A description of the approval process and selection criteria for the activities, which should be consistent with the GCF investment framework, proposal approval process or simplified approval process;
- A composition of the decision-making body that will be housed and managed by the entity. The decision-making body should include civil society, the private sector and other relevant stakeholders, and should be sensitive to gender considerations;
- A composition of the oversight function, which may include representatives from organizations such as government, the private sector, academia or civil society organizations, and women's organizations;
- A composition of those with involvement in the multi-stakeholder engagement process;
- A time frame of implementation, including start date and duration;
- The funding amount to be requested, including the financial instrument (e.g. grant, loan, equity, guarantee);
- Risk assessment and management, including assumptions, factors, ratings, and mitigation measures; and
- A monitoring and evaluation system, including logical frameworks, methods, criteria, information to be reported, frequency, responsibilities, means of verification and evaluation plans.

<sup>11</sup> According to whether the EDA project/programme is submitted under the GCF Proposal Approval Process (PAP) or the GCF Simplified Approval Process. [<https://www.greenclimate.fund/document/funding-proposal-template>]

The figure below summarizes a possible design of an EDA proposal. This is a generic example which is not meant to be prescriptive regarding how a DAE should present an EDA proposal to GCF, which should be first tailored to the climate needs of the countries and communities that it intends to serve.

**FIGURE 4. SPECIFIC FEATURES OF AN EDA PROJECT DESIGN, GOVERNANCE AND IMPLEMENTATION ARRANGEMENTS**



GCF finance can contribute to an existing financial vehicle or contribute to starting up a new one. In **Figure 4**, this vehicle is generically referred to as EDA facility. The following sections provide details on each function of the diagram reported in **Figure 4**, and what is required for the governance of an EDA project.

**Given the importance of local stakeholders in EDA projects, it is recommended that technical assistance and capacity-building is provided as a specific outcome or component** (e.g. component 1) of the EDA project. The objective of this particular component would be:

- a. **Strengthen the capacities of local actors** in the origination, implementation and reporting of the subprojects financed by the EDA facility, by transferring to them the needed knowledge and skills in project planning, implementation, monitoring and reporting;
- b. **Maximize the impact** of the climate finance provided by GCF through the EDA modality.

Strengths, Weakness, Opportunities and Threats (SWOT) analysis and capacity needs assessment of the envisaged institutions/organizations that will be involved in the proposition of the EDA subprojects at the national and local level can be carried out

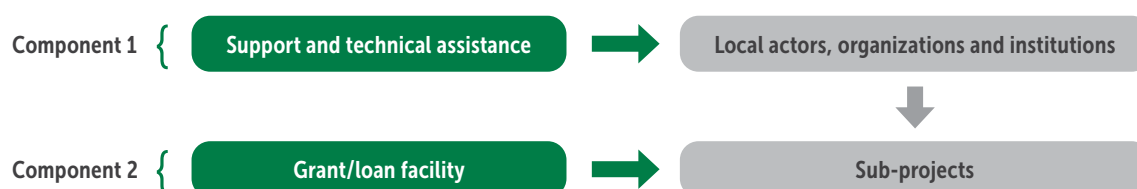
as part of the EDA proposal preparation. This allows for an identification of relevant stakeholders in the interventions' target areas as well as the knowledge and skills that need to be built up during the implementation to maximize impact of the funding channeled to subprojects by the EDA facility.

The second outcome of the proposal, or component 2, relates to the establishment of the EDA facility itself (e.g. the financial vehicle).

**Either way, EDA projects should consider to include an Operations Manual (OM)** that provide details regarding the functioning of the EDA facility, its governance and the management of its project cycle, along with component 2.

Both components are interlinked and should be implemented in a synchronized fashion to allow for the first component to support the implementation of the second component throughout.

**FIGURE 5. SAMPLE STRUCTURE OF AN EDA PROJECT FOR GCF**



The efficiency of the EDA proposed to GCF will be evaluated on a case-by-case basis; however, most of the GCF contribution is expected to finance the subproject (allocation to component 2), while the rest should support technical assistance activities and administrative costs to run the facility or programme (component 1).

## COMPONENT 1: CAPACITY-BUILDING SUPPORT AND TECHNICAL ASSISTANCE

Under component 1, the DAE should include relevant activities to support local stakeholders in the planning and origination of the subprojects for the long run (i.e. beyond the GCF project), but also their implementation, monitoring and reporting.

### a. Objective of the capacity-building support and technical assistance

The DAE and/or EE can provide technical support to plan for and originate/implement EDA sub-projects. This type of support should:

- i. **Create the enabling environment** to ensure prerequisites for the future subprojects to be originated and successfully implemented; and
- ii. **Support local actors** (e.g. public/private institutions, community-based organizations, local governments and SMEs) **during the development and implementation of the subprojects.**

Examples of these activities could be the development of local-level climate risk assessments, local climate information systems, mainstreaming into local development and business plans, market studies which allow the EDA facility to inform the issuance of grants or loans through various modalities, with a focus on promoting activities that have the highest return in terms of impact and transformational change.

This support is usually expected to be provided by local experts/organizations, unless niche expertise is required and is not available on the local market.

Technical assistance through component 1 of the proposal should also support the local organizations involved in the EDA project during the project implementation of the subprojects, so that, for example, performance and financial monitoring and reporting of the grants/loans financed through the EDA facility can be appropriately carried out with high accountability standards.

#### *Examples of capacity-building and technical assistance activities in EDA projects*

- **Trainings and materials on climate change awareness**, climate change adaptation and mitigation solutions;
- **Trainings on how to originate a project under the EDA facility**. This includes all the elements discussed in the previous sections applied in the context of the subprojects (which should be climate strategic, smart or relevant, aligned with the theory of change and log frame of the EDA approved proposals and consequently GCF applicable policies);
- **Awareness-raising on the approved EDA proposal**, its access and operational modalities;
- **Institutional strengthening** of executing entities and other partners involved in the EDA facility operations;
- **Governance strengthening**. This would help create the basis for effective resource management, and for successful implementation of subprojects;
- **Project planning trainings** (especially through participatory approaches);
- **Monitoring, reporting, evaluation and learning training**, including, if applicable, the development of community-based monitoring systems; and
- **Financial and procurement management reporting trainings**. This could, for example, take the form of local-level climate monitoring trainings to support executing entities and local actors involved with the subprojects in their implementation and monitoring.

## **b. Access to capacity-building support and technical assistance**

These ways to provide support should be explained by the DAE in the EDA funding proposal and can be detailed in the operations manual. This can include the following:

- Availability of support to all or specific partners (e.g. who are the targeted beneficiaries?);
- Mandatory aspect of the support (e.g. are some of these trainings mandatory for some beneficiaries? For instance, in many cases, local actors that successfully went through the subproject appraisal cycle are required to take tailor-made trainings on subproject implementation, monitoring and reporting);
- The needs assessment to be undertaken. Some of the support that can be provided may require a prior assessment of beneficiaries' needs. Such activities may be budgeted in the funding proposal; and
- Expected outcomes of the technical assistance and capacity-building activities provided.

## **COMPONENT 2: FUNDING FACILITY IN SUPPORT OF LOCAL CLIMATE ACTION (SUBPROJECTS)**

EDA projects are assessed against the same GCF investment criteria as other funding proposals. As such, guidance in relation to the development of GCF PAP funding proposals is provided in its template,<sup>12</sup> where in each section (context, climate rationale, project description, financial structure, exit strategy) a brief noted guidance is available.

<sup>12</sup> <https://www.greenclimate.fund/document/funding-proposal-template>



However, due to the specificities of EDA projects, details of subprojects details are not available at the funding proposal stage, which means that the type of information DAEs can provide to demonstrate compliance with the GCF investment criteria may vary from other GCF projects.

Guidance is provided below regarding some of the main elements that should be described in the EDA proposal, while governance will be tackled separately in section B. In general, DAEs should thoroughly describe the following elements in the EDA funding proposal and relevant annexes (e.g. the feasibility study), as relevant to whichever jurisdiction where the EDA project/programme is implemented, the climate outcome it intends to achieve and the final beneficiaries it intends to serve.

**Climate impact areas definition:** The DAE should explain in which climate impact results, in accordance with the GCF Results Management Framework (RMF), the subprojects will operate. While there is no limit as regards GCF adaptation and mitigation impact areas in which EDA subprojects can operate, their selection will determine classification of the project as adaptation only, mitigation only or cross-cutting. Consequently, this also determines which core indicators and impact indicators of the GCF Performance Measurement Framework the EDA proposal should use and report on to GCF during the implementation stage.

If the project is classified either as mitigation or cross-cutting, the entity is expected to provide an estimation of the overall volume of greenhouse gas (GHG) emissions that will be avoided/reduced during the lifetime of the project and on an annual basis.

The gauging of the lifetime of a project is based on the assumptions that the DAE will propose for the EDA facility. If the facility is an open-ended financial mechanism that will keep financing mitigation interventions beyond the exit of GCF, the DAE should still refer to an estimated lifetime (e.g. 20 years) against which the overall GHG reduction potential will be assessed.

As the GHG reduction potential can only be accurately determined at subproject level, the DAE is required to estimate a potential range of emission reduction that, overall, can be attributed to the GCF-financed EDA project/programme.

The pivotal aspect is, as in every GCF mitigation intervention, to apply GHG methodologies which are known, well-recognized and credible. The methodologies and the calculation of the estimated potential in GHG reduction should be part of the EDA funding proposal feasibility study.

At the level of EDA proposal, the DAE is expected to estimate the GCF core indicators that will result from the envisaged implementation of the subprojects. This means an estimation of the potential range of annual/total GHG that will be reduced/displaced (indicating which methodologies are going to be used for the GHG reduction estimation) and the total number of beneficiaries (direct and indirect) that will be covered by the subprojects financed during the implementation period. As part of the review of the subprojects, the DAE should provide the needed technical assistance for the estimation of the subprojects' climate outcome and use the same metrics of the GCF investment criteria in order to recommend a project for finance to the steering committee.

[FP template: Section B1]

**Earmarking:** Once the impact areas have been identified, the EDA proposal should provide practical examples of the activities that will be funded by the EDA facility under each impact area. For example, if the impact area "Health and well-being, and food and water security" is determined as one of the GCF RMF adaptation result areas of the EDA intervention, possible activities that can be financed by the subprojects can include community-based rain-harvesting systems or introduction of crop drought-resilient varieties.

In the EDA funding proposal and concept note, these activities should be briefly described as among those that can be eligible for financing by the EDA facility, while in the feasibility study annexed to the funding proposal, information on the type of solutions or technologies that accompany these activated should be detailed.

[FP template: Section B1]

**Financial instruments:** The type of financial instruments requested by the DAE from GCF should be in relation to the appropriate level of concessionality required for obtaining the envisaged climate results. It should also be appropriate for the country context, final beneficiaries, sector (public/private) and the economic as well as financial sustainability (or bankability) of the intervention after GCF exit. Further information on the financial instruments and concessionality can be found in the financial terms and conditions of grants and concessional loans.<sup>13</sup>

[FP template: Section B5]

**Access:** The EDA proposal should explain how access to the EDA facility will work in detail in the feasibility study or the operations manual. The DAE should ensure a transparent and/or competitive access to the funds provided by the EDA facility. An example could be the use of **Call for Proposals (CfPs)**, which can specify elements such as: i) geographical area of operations; ii) the provinces/districts/municipalities that should be covered by the requested subproject/s; iii) the beneficiaries (including their profiling); iv) the sector and activities eligible for funding; and v) the track record, required legal status, or other features and requirements that the bidding organizations/institutions should possess to participate in the call. It is important to ensure full visibility of the CfPs so that all relevant national/local institutions which are eligible can participate.

[FP template: Section B1 & B4]

**Beneficiaries:** The appropriate targeting of the beneficiaries, at all levels, is a pivotal part of the EDA approach. During preparation of the project, during the stakeholders' consultation it is expected that due emphasis is given to the end-beneficiaries, that their voice is heard, and that their access to the benefits from the EDA facility-financed subprojects is ensured in an equitable manner and includes vulnerable groups and women.

If the project targets local governments or local MSMEs, a clear understanding of the access criteria and how the grant/concessionality will be transferred to obtained climate benefits should be described.

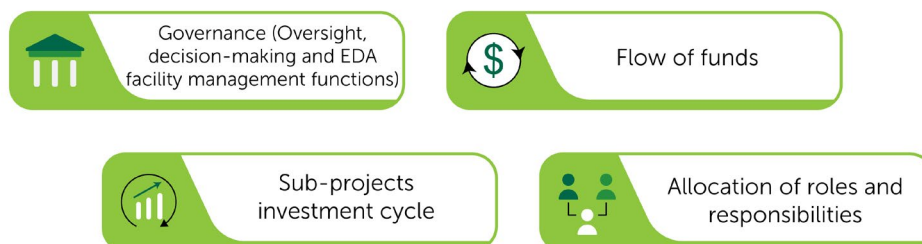
Especially for EDA adaptation projects, the targeting of beneficiaries and areas should take into consideration climate risk assessments and other spatial-based tools that identify the areas that, according to climate studies and projections, are (and will be) most affected by the negative impact of climate change (e.g. flood/drought-prone areas, communities living in typhoon affected areas, etc.).

[FP template: Section B3, D4 and E.2.4]

## B. IMPLEMENTATION ARRANGEMENT (FUNDING PROPOSAL TEMPLATE SECTIONS B.4/B3)

One of the main features that characterize the EDA projects, compared to the other GCF regular projects and programmes, is that decision-making for the funding of specific pilot activities is devolved to the subnational/national and/or local level.

Understanding the implementation arrangements of EDA projects is an important appraisal aspect during the review. EDA projects should contain enough information to allow a clear understanding of the following aspects:



<sup>13</sup> <https://www.greenclimate.fund/sites/default/files/document/gcf-b06-16.pdf>

## 1. PROJECT GOVERNANCE

Detailed information should be provided in the section on implementation arrangements of the funding proposal. This includes diagram(s) or organogram(s) that map such arrangements, including the governance structure, legal arrangements, and role of the different actors that play a role in the EDA facility's operations.

### a. Oversight and decision-making functions

Each EDA proposal might have a different type of governance system, and these guidelines are not meant to be prescriptive regarding the governance of an EDA project/programme. **Ultimately this will depend on the choices of the country/ies and national/local stakeholders involved in the EDA intervention, the specific laws, rules and regulations that apply in the areas where the EDA facility will operate.**

There are, however, **two main functions that should be present in all EDA projects: the oversight function and the decision-making function.**

While the institutional shape of such functions depends on the specific context of each EDA proposal, **the oversight function should aim to ensure that there is no conflict of interest among those who are entrusted with the oversight function, and those who make funding decisions.**

The EDA terms of reference include the following functions as part of the oversight duties:

- i. A provision of regular strategic guidance to the accredited entity that is managing the implementation of the GCF financed project;
- ii. Review of reporting by the accredited entity;
- iii. Periodic field visits; and
- iv. Regular communication with relevant stakeholders.

The EDA terms of reference specify that the NDA/focal point should be part of the oversight body, which should also include relevant stakeholders, such as government, the private sector, academia or civil society organizations, local government associations, and women's organizations, among others.

The frequency of oversight body meetings is expected to be at least once a year.

**EDA projects must also have a decision-making body**, typically referred to as a steering committee. This body serves a more granular purpose and involves all relevant stakeholders to assess and/or select incoming subprojects, therefore requiring a greater frequency of meetings, for instance every three months. This may however vary according to the national/local/regional context and specificities of each EDA proposal, potentially resulting, for instance, in virtual meetings or the merging of different functions into the same body, especially when decision-making related to subprojects is decentralized further.

The decision-making body should include relevant stakeholders. Responsibilities include decision-making on the screening, assessment and selection of specific activities/subprojects under the CfP modality and general oversight of all other financing modalities.

The DAE should also provide information regarding the number and type of representatives that will be present in the decision-making and the oversight bodies,

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national/local governmental institutions, private sector, beneficiary representatives, civil society organizations, amongst others. The DAE should also explain how consultations with other stakeholders regarding funding decisions will be ensured.

## b. Management of the EDA facility

Each EDA proposal might have different arrangements for administering GCF funding. Some EDA might build on existing financial mechanisms that have already been established at country or subnational levels, other might set up a facility ex novo.

### **The Project Management Unit (PMU)/fund manager of the facility, typically hosted by the AE or the EE, is tasked with managing the daily operations of the financial vehicle.**

It also channels funding to implement the approved subprojects and the needed technical assistance during the planning, origination, implementation and monitoring and reporting of those subprojects. As such, this particular unit and the institution it is hosted by should have sufficient expertise and personnel to carry out its duties.

The facility's management efficiency is carefully assessed during the appraisal of the EDA funding proposal.

The funding proposal should describe with whom the EDA facility daily management (e.g. "fund manager") will lie. Both the funding proposal and the feasibility study/operations manual should provide details regarding staff members who are part of the management unit. The **Box** provides an example from an EDA project implemented by the Namibian Environmental Investment Fund (EIF).

Overall, it is expected that the fund manager/PMU acts as the "secretariat" of the oversight and decision making bodies described above. It is also expected to operate the EDA facility on a daily basis so that subprojects with climate transformational potential are identified and their planning/origination supported and its portfolio of funded subprojects is appropriately monitored.

The Namibian Environmental Investment Fund (EIF), in its approved EDA proposal, described the following additional capacities:

- **(a)** Project Manager (or fund manager), responsible for overall project coordination and management, preparation of annual work plans, project risk monitoring and reporting towards the EIF board and GCF;
- **(b)** M&E Officer, responsible for monitoring, evaluation and reporting as well as ensuring compliance with environmental and social safeguards (ESS);
- **(c)** Grants Support Officer, responsible for supervision and management of the EDA grant facilities; and
- **(d)** Accountant, responsible for reconciling financial accounts, produce monthly financial

## c. Executing entities

Not all EDA projects will have an executing entity/ies (EE). In cases where executing entities are present, they should be clearly identified and described in this section, component by component.

The DAE will rely on the EEs to bear the project execution at the local/subnational level, and solid justification should therefore be provided as to the reasons for their selection.

EEs should also have relevant track record in their assigned role. The DAE should undertake a capacity assessment for all involved EEs, including those that will administer GCF funds (EDA facility).

#### d. Redress function

**The DAE is encouraged to set up, if not already existing, a redress function** to handle any dispute or complaints arising from beneficiaries or other stakeholders regarding the implemented subprojects. In most cases, this function is expected to report directly to the EDA steering committee.

## 2. THE FUNDING FACILITY

### a. Funding modalities

Grant and on-lending modalities should be thoroughly detailed in the EDA feasibility study and/or operations manual and summarized in this section of the proposal.

This includes the various access modalities that there may be for the EDA facility. The EDA facility may be accessible by local stakeholders including local governments, community-based organizations and SMEs with sufficient track record or proven expertise in project management. In other cases, the DAE may choose to provide technical assistance to local actors without such track record in order to allow them to access the EDA facility (component 1 described above). Either way, the DAE should define the approach adopted to guarantee that prospective grantees have sufficient implementation capacity.

Some EDA projects may choose, for example, to allow any local organization to apply for funding and then assess their track record for the proposed operations (e.g. by launching an open CfP). Other EDA projects may opt to establish eligibility criteria for funding applications and accept subprojects only from those who comply or, to the extent that the DAE and GCF procurement rules allow, pre-shortlist any local organizations and SMEs that qualify as proponents/implementers of the subprojects. Such approaches may also be mixed depending on the circumstances of each EDA proposal.

In any case, the DAE should demonstrate how they plan to address the main issues at stake, including the following:

- Against which criteria are beneficiaries selected?
- Will there be funding allocation limits or targets by type of subproject, in general, and for specific areas or stakeholders?
- Does the DAE plan to facilitate the proposal development by local stakeholders, and if so, how?

### b. Funding duration

At the level of subprojects, depending on the type of funding and access modalities the DAE chooses as described in the previous section, it may not be possible to determine their duration at the funding proposal stage.

In cases where initiation of subprojects is part of the funding proposal, and in particular for those supported by technical assistance, it will not be possible to determine the funding duration until they are assessed and selected through the grant/loan facility.

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The emphasis should be put on how the right duration will be determined by robust selection criteria and funding modalities.

In other cases, the DAE may choose to follow the model of a request for proposals (RFPs) wherein the expected subprojects would pre-determined in terms of targeted climate outcomes and overall deliverables to achieve them. In this case the envisaged implementation duration of subprojects would be estimated.

### c. Financial volume

During preparation of the EDA funding proposal, depending on the structure of the EDA proposal, it may or may not be possible to precisely determine the financial volume of the subprojects.

Where the subprojects pipeline development is part of the funding proposal (e.g. community-driven adaptation interventions designed with the beneficiaries during implementation), it may not be possible to precisely determine the appropriate funding volume of subprojects at the funding proposal stage. In these circumstances, the DAE should rather demonstrate how funding modalities and selection of subprojects will determine the right financial volume. The DEA should also estimate the range of subprojects that the EDA facility is expected to finance.

DAEs may already have a pre-identified pipeline of subprojects with the view to launch a local RfP to draw these in. In such cases, their financial volume may already be identified and should be described by the DAE in the funding proposal.

### d. Funding mechanism advertisement

**The GCF EDA is based on the principles of transparency and inclusive access to the provided funds. The DAE should provide information in the funding proposal and the operations manual on the funding mechanism advertisement, including the following:**

- Frequency of advertisement;
- Medium of advertisement; and
- Duration of advertisement.

These should be determined based on the recipients' specificities and needs as well as the local/subnational context. As a general principle, targeted beneficiaries should be exposed to the advertisement throughs means of communication that are widely spread, easily accessible and in languages that are understood.

Additionally, the frequency and duration of advertisement should seek to strike a balance between sufficient visibility and leaving sufficient time for implementation within the approved time frame.

It is however acknowledged that not all EDA will work through the CfP/RfP modality and other provisions possible. However, regardless of the modality chosen, it is the responsibility of the DAE to ensure that the EDA facility funds are allocated through an open, competitive and transparent selection process.







# PART III: OPERATIONS MANUAL

EDA projects do not contain specific information about subprojects to be financed due to the nature of the programme. This means that some GCF requirements that are typically met at the funding proposal level will have to be met at the subproject level. To account for that, **the DAE should present and/or develop an operations manual, including in the context of a feasibility study, to be annexed to the funding proposal to explain how GCF requirements will be met at the subproject level.**

While there is no specific outline that can fit a “typical” EDA operations manual, the specific objective of this document is not only to provide information for the appraisal of the EDA proposal presented to GCF and the iTAP, but also – and foremost – to provide a facility/programme management tool that will be followed during implementation by the different stakeholders involved and in particular by the EDA fund manager and project implementation unit which will provide the daily management service of the EDA facility.

A general outline of sections that are expected in an EDA project Operations Manual, is provided below:

|   |  |
|---|--|
|   | <ul style="list-style-type: none"> <li>• <b>Description of the governance of the EDA facility</b>, for example:           <ul style="list-style-type: none"> <li>• The composition of the steering committee and frequency of meetings;</li> <li>• The subproject approval decision making body composition and frequency of meetings;</li> <li>• The EDA facility manager and project implementation unit (de facto the Secretariat of the facility) composition and terms of reference and frequency of reporting to the steering committee;</li> <li>• The trustee of the facility and its financial terms;</li> <li>• The accountability mechanisms such as the redress mechanisms composition and how it will work to ensure fair assessment complaints and conflict resolution;</li> <li>• The composition and mechanism of any other bodies; and</li> <li>• The envisaged life-cycle of the facility including, if it is open-ended, the replenishment/re-financing modalities and opportunities.</li> </ul> </li> </ul>                          |
| <b>Operations Manual sample outline</b> | <ul style="list-style-type: none"> <li>• <b>The mechanism for financing the project and programmes.</b> This can include:           <ul style="list-style-type: none"> <li>• The mechanism for the intake of subproject proposals (e.g. CfPs) and how information disclosure will be ensured with maximum transparency;</li> <li>• The eligibility criteria of the subprojects such as:               <ul style="list-style-type: none"> <li>• The climate related areas that can be financed;</li> <li>• The maximum amount that the subproject can request;</li> <li>• The subprojects' financial terms and conditions (grants, loans or equity);</li> <li>• The acceptable level of environmental and social risks and guidance on the assessment of these risks;</li> </ul> </li> <li>• The profile of the eligible beneficiaries and gender representation and other social inclusion parameters to be respected; and</li> <li>• The sample legal agreement that the EDA facility and the subproject implementer will enter.</li> </ul> </li> </ul> |
|   | <ul style="list-style-type: none"> <li>• The <b>Standard Operating Procedures</b> for the appraisal of the sub-projects by the EDA facility</li> <li>• The <b>monitoring and reporting standards</b> that the implementers of the sub-projects had to adhere to.</li> <li>• The <b>evaluation of the portfolio of approved projects</b> and how the handover and O&amp;M of the subprojects will be handled by the EDA facility, especially following GCF exit from the intervention.</li> </ul>   |



# PART IV: RESOURCES

Further information and clarification on the EDA can be found on the Frequently Asked Questions section at <https://www.greenclimate.fund/eda>

**EDA funding proposals, as any GCF funding proposal, should be accompanied by all required documentation and annexes.** These are exhaustively detailed on the GCF webpage for the proposal approval process<sup>14</sup> (PAP) and the simplified approval process<sup>15</sup> (SAP). The main annexes required are listed below.

**The Project Preparation Facility (PPF) may support the development of EDA projects,** including the annexes mentioned below, following the endorsement of the EDA Concept Note by the GCF Climate Investment Committee. Further information about assistance provided by the PPF is available on the GCF PPF webpage.<sup>16</sup>

## EXAMPLE OF SOME OF THE ANNEXES THAT MAY BE REQUIRED FOR EDA PROJECTS

### Annex 1: NDA No-objection letter(s) (NOL)

1. A signed NOL is from the national designated authority of each country in which the EDA intervention is proposed and should be provided following the exact format presented in this annex. It is essential that the NOL/s are submitted with the EDA funding proposal for the review to start.

### Annex 2: Pre-feasibility study (including Theory of Change, project/programme-level log frame, timetable, map, and summary of stakeholder consultation and engagement plan)

2. This annex discusses the elements of the feasibility study that are necessary to assure the quality expected by the proposal. Given the size and extent of risks that EDA can undertake, the level of resources needed for preparation of the background studies is lighter compared to a standard funding proposal. The following studies should be presented as an overall part of the feasibility (annex 2) carried out in the preparation phase:
  - a. A theory of change diagram and explanations with a substantiated logical framework at project level and a timetable of the intervention
  - b. Map of the areas where the project is going to operate and clear indication of the identified districts/communities; and
  - c. A report of the consultations undertaken with authorities and beneficiaries (for example relevant workshop reports) where there is evidence that the project is designed including the views of the main stakeholders.

### Annex 3: Budget plan providing breakdown by type of expense

3. This is a mandatory annex which should be consistent with section C and the term sheet. It comes in the form of an excel file with budget items pre-defined to be filled accordingly.

### Annex 4: Gender assessment and action plan

4. This annex provides guidance on how to submit the gender assessment and the gender action plan, which are required by GCF as a policy.

### Annex 5: Co-financing commitment letter

5. There is no specific template for this type of letter as the co-financers have different standards and there is no specific preference from GCF. What is important is that the amount indicated corresponds with section C and that there is indication of compatibility of the co-finance with the time frame of implementation proposed for the EDA intervention (annex 2b).

<sup>14</sup> <https://www.greenclimate.fund/projects/process>

<sup>15</sup> <https://www.greenclimate.fund/projects/sap/resources> and <https://www.greenclimate.fund/sites/default/files/document/sap-guidelines.pdf>

<sup>16</sup> <https://www.greenclimate.fund/projects/ppf>

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#### **Annex 6: Term sheet and evidence of internal approval**

6. Please request the task manager assigned to your EDA funding proposal for guidance and a model of the term sheet, especially if this is the first project you are presenting to GCF.

#### **Annex 7: Risk assessment and management**

7. This annex can be very different between private and public sector proposals as well as in relation to the type of financial instrument used for the project. The first part is an introduction to the details of each of the risk factors that should be listed in the fields that follow. The possible categories of externalities that can affect the project should be indicated here as well as the general approach and measures that will be proposed. In the successive fields ("selected risk factors"), details should be provided on how risks have been identified (stakeholder consultations, desk reviews, previous evaluations, etc.).

#### **Annex 8: Procurement plan**

8. This annex provides guidance on how the procurement plan should be completed and submitted.

#### **Annex 9: Legal due diligence (9a) and internal approvals (9b)**

9. This annex provides information on the legal due diligence (regulations, taxation and insurance) and the documents needed to prove the project/programme has obtained the necessary internal approvals.

#### **Other annexes**

10. These are annexes that might apply according to the specific contexts of EDA funding proposals.

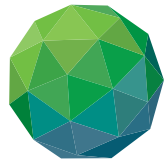




## **CONTACT INFORMATION**

*For queries regarding the Enhancing Direct Access (EDA) pilot phase or these guidelines, please contact at [eda@gcfund.org](mailto:eda@gcfund.org).*

*The authors of these guidelines are Demetrio Innocenti ([dinnocenti@gcfund.org](mailto:dinnocenti@gcfund.org)), Baptiste Gaydon ([bgaydon@gcfund.org](mailto:bgaydon@gcfund.org)) and Ani Waiba ([awaiba@gcfund.org](mailto:awaiba@gcfund.org)).*



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