



GREEN
CLIMATE
FUND

Revised Programme of Work on Readiness and Preparatory Support

GCF/B.08/10
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Meeting of the Board
14-17 October 2014
Bridgetown, Barbados
Agenda item 10

Recommended action by the Board

It is recommended that the Board:

- (a) Take note of the information presented in document GCF/B.08/10 *Revised Programme of Work on Readiness and Preparatory Support*; and
- (b) Adopt the draft decision presented in Annex I to this document

Revised Programme of Work on Readiness and Preparatory Support Introduction

I. Introduction and linkages with prior Board decisions

1. Readiness is a strategic priority of the Green Climate Fund. This document is prepared in response to the decision B.06/11, paragraph (b), which requested the elaboration of a revised detailed programme of work (hereinafter referred to as “readiness programme”) for consideration by the Board, which includes the following:

- (a) Readiness activities to be undertaken in countries based on requests for support resulting from a consultation with countries and stakeholders;
- (b) A delivery plan for the implementation of these readiness activities. The delivery plan will be developed in consultation with countries and existing initiatives. It will include a timeline and modalities for implementation; and
- (c) Options for entering into partnerships with existing initiatives, including of sub-national, national, regional and international actors, in order to implement the readiness activities supported by the Fund.

2. In Decision B.06/11 the Board also took note of the following four priorities for the readiness programme:

- (a) Establishment and strengthening of National Designated Authorities or focal points;
- (b) Strategic frameworks, including the preparation of country programmes;
- (c) Selection of intermediaries and IEs; and
- (d) Initial pipelines of programme and project proposals.

3. Countries are able to request support in any or all of these areas if they wish. The readiness programme will be carried out in partnership with other climate finance actors.

4. Furthermore, the document addresses elements of decision B.05/14, paragraph (g), which further requests the Secretariat to outline a system for determining the allocation of resources, separate from the support provided from the Secretariat’s administrative budget, for readiness and preparatory support, for consideration by the Board.

1.1 Objectives of the programme

5. The readiness programme will help maximize the effectiveness of the Fund, and developing countries are in the driver’s seat in programming its resources. It will help the Fund to:

- (a) Be country-driven by empowering beneficiaries in beneficiary countries to identify priority readiness needs in partnership with the Secretariat and in turn identify preferred delivery modalities and partners;
- (b) Maximize impact by supporting strategic stakeholder engagement in developing ambitious proposals that contribute to national development priorities as well as the results areas of the Fund;
- (c) Balance adaptation and mitigation by supporting resilience investment concepts, particularly in least developed countries, SIDS and African States;
- (d) Make the best investments viable by supporting IEs/intermediaries in developing robust pipelines and programmes; and

- (e) Extend reach by supporting diverse institutions in developing countries in meeting the accreditation standards of the Fund and working in partnership with multilateral partners including United Nations agencies and development banks.

The Fund will prioritize readiness support for potential national and sub-national IEs/intermediaries in becoming accredited to the Fund as rapidly as possible.

6. This programme of work is being developed in tandem with the operational modalities of the accreditation programme. The support offered for the selection of intermediaries or IEs will be further developed, including through the finalization of the accreditation, investment and results management frameworks as well as the approval process of the Fund. The readiness programme will evolve accordingly, engaging all relevant units of the Fund.

7. The programme will also support activities aimed at mobilizing the private sector. The modalities will be further defined with the Private Sector Facility (PSF) and the Private Sector Advisory Group (PSAG). Engagement of private sector stakeholders is anticipated in the development of strategic frameworks and all outreach activities in the near term. In its next report on the progress of the readiness work programme, the Secretariat will propose guidelines on eligible activities and beneficiaries to support private sector entity accreditation and pipeline development. Specific goals and objectives of such initiatives will be proposed.

8. Support will be tailored to country needs and circumstances. All countries have different starting points and needs. Achieving a paradigm shift requires continuous improvement. Readiness is therefore an ongoing and iterative process, rather than an end point. The Country Programming division of the Secretariat leads the programme, with support from three country programming specialists.¹ It has appointed regional readiness advisors based in the regions that the Fund will target. They are supporting governments in their region in engaging with the Fund, nominating a National Designated Authority (NDA) or focal point, and exploring potential readiness needs. The Secretariat updates a public list of NDA and focal point designations weekly, and publishes a newsletter periodically to provide a public update on readiness requests received, including the Secretariat's efforts to respond. This provides transparency with regard to the ongoing operations of the programme. The costs of administration of the readiness programme (including regional advisors) are capped at 5 per cent of total spending on readiness.

9. The core objectives of the readiness programme will be to:

- (a) Support NDA/focal point engagement with government, sub-national government, and civil society and private sector stakeholders with regard to the priorities of the Fund;
- (b) Develop strategic frameworks for national engagement with the Fund, building on the existing policies and frameworks of the Fund;
- (c) Enable national and sub-national institutions to meet the accreditation standards of the Fund; and
- (d) Support the development of programming pipelines that are aligned with the objectives and investment framework of the Fund and that will support paradigm shift to low-emission and climate-resilient development. Progress in meeting these objectives will also be subject to an independent evaluation after two years to inform requisite improvements and the design of a country-based allocation system.

¹ Two have been recruited and a third is soon to be recruited.

II. Allocation

10. Seventy-five percent of readiness support funding will be allocated to SIDS, LDCs and African States, and 25 per cent will be allocated to other eligible developing member countries. Readiness commitments to individual developing member countries will be capped at US\$ 1 million per calendar year. Actual commitments in the two allocation categories will be tracked and reported ex-post in each biannual readiness programme report to the Board. Allocations will take into account complementary programming that is underway from delivery partners. This interim readiness funding allocation system will be reviewed after two calendar years (2015 and 2016), with a view to moving forward to a system of country-based allocations for readiness support.

11. A tailored and flexible approach to meeting country needs is proposed in Figure 1. Figure 1 summarizes the Secretariat approach in responding to requests for readiness support from countries. Annex II details the proposed approach to each priority area. Support will be based on demonstrated progress against agreed milestones (though retaining flexibility to adjust to new developments).² Programming will emphasise the needs of SIDS, LDCs and African States. Requests for readiness support will be processed in tranches to enable strategic decision-making on priorities. Delivery partners will be accountable for the high quality delivery of programmes to both NDAs/focal points and the Secretariat.

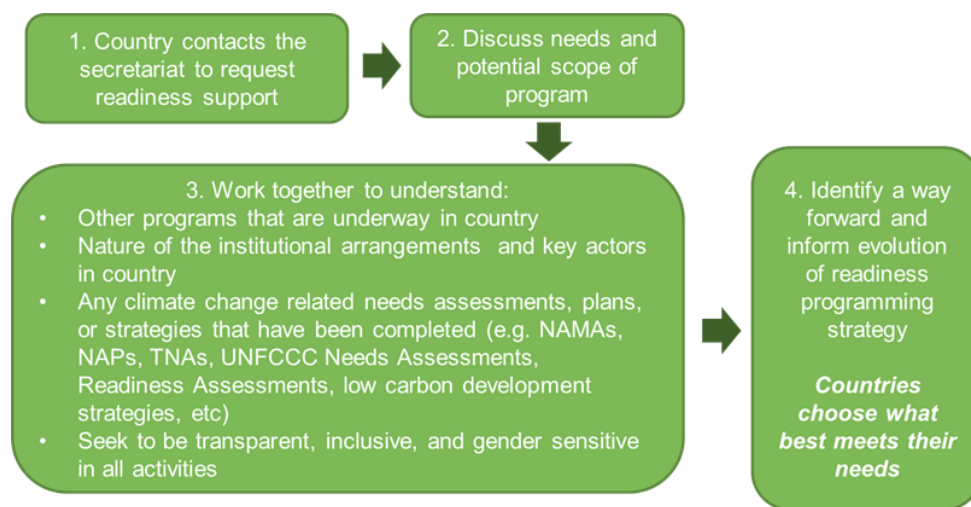


Figure 1: Readiness Scoping Approach

III. Readiness activities to be undertaken

12. The Secretariat has mapped complementary activities relevant to readiness and has communicated with recipient countries to understand their needs. This strategy is based on these consultation efforts. As of 18 September 2014, 54 countries have designated NDAs or focal points and 21 countries have requested readiness support. On the basis of these requests (to which some potential responses have already been explored), the readiness team has developed projections of likely demand for the readiness programme for calendar years 2015

² This reflects the approach taken by the Global Fund to Fight AIDS, Tuberculosis and Malaria and lessons learned from the Multilateral Fund for the Implementation of the Montreal Protocol, which highlighted the need for measurable performance indicators to support monitoring and accountability.

and 2016, with corresponding resource requirements. Projections are complimentary to work underway by the Secretariat to prepare a wider work programme and budget for 2015. Key activity areas costed to support projection and programming work are detailed in the corresponding sub-sections below.

13. The projections of anticipated resource requirements based on the above work extrapolated from current demand suggests that by end of 2015 there will be at least US\$ 45 million in requests for readiness support, and US\$ 101 million by the end of 2016. Up to US\$ 300,000 will be available to support NDAs/focal points in engaging national and sub-national government agencies, civil society and the private sector in national priorities for engagement with the Fund.

14. US\$ 30 million has already been made available to the Fund to support early readiness activities in accordance with this strategic priority as noted in paragraph 1).³ The Fund's allocation framework specifies that the Board will allocate adequate resources to readiness support going forward. The Board approved the release of US\$ 1 million to enable the Secretariat to deliver this detailed programme of work. US\$ 620,000 of this initial sum is being programmed to provide an initial response to readiness requests in countries including Belize, Ethiopia, Indonesia and Mali. Programmes are also being developed for Antigua and Barbuda, Barbados, Colombia, Dominica, Eritrea, Grenada, Kenya, Malawi, Maldives, Mongolia, Namibia, Palau, Peru, Saint Lucia, Rwanda, Sao Tome and Principe, and Thailand.

15. The readiness programme will be executed in collaboration with actors already involved in climate and development finance. Coordination is a core goal and principle. The Secretariat has developed an initial inventory of ongoing activities relevant to readiness to facilitate the better sharing of information and coordination across existing initiatives and inform our programming, as agreed in Board decision B.06/11, paragraph (d).⁴ This inventory is available to download on the Fund's website, and will expand as the Secretariat receives new responses from new partners and be updated periodically. The readiness team has been in regular contact with relevant partner agencies to share information and support coordination. It has also introduced periodic informal coordination meetings with institutions including multilateral development banks (MDBs), United Nations agencies, bilateral institutions, independent think tanks, and others.

IV. Proposed approach

16. This section summarizes the proposed approach to delivering planned activities. Full details are included in Annex II. The spending envelopes proposed below reflect anticipated commitments for 2015 and 2016, and will likely be disbursed over two to three years. All programming will be subject to thorough due diligence by the Secretariat, its procurement standards, and the approval of its senior management team. The anticipated programming is informed by inputs from developing countries, partner agencies, independent experts and others focused on preparing countries to access the Fund.

³ Provided by the governments of Germany and the Republic of Korea.

⁴ Requests the Secretariat to seek transparency, complementarity, and coherence amongst existing initiatives, and to establish and maintain an information-sharing platform and dialogue and facilitate South-South exchanges.

4.1 Establishment and strengthening of national designated authorities or focal points

4.1.1 **Estimated commitment:** US\$ 7,500,000 in 2015 and US\$ 8,625,000 in 2016

17. The readiness programme will seek to support and strengthen NDAs and focal points. Indicative initial activities may include institutional assessments and diagnostics, building on existing arrangements and taking into account arrangements of existing funds, national adaptation plans, and engagement with the Climate Technology Centre and Network. Work to this effect is already being requested and will evolve in response to decisions on country ownership. In addition, funding of up to US\$ 300,000 will be directly available on the basis of demonstrated achievement of milestones to NDAs/focal points who request support to deliver on agreed functions and engage stakeholders. Support will be guided by the Board's decision on country ownership. Programming would begin in January 2015, and address the clear unmet needs for support.

4.2 Strategic frameworks for engagement with the Fund

4.2.1 **Expected commitment:** US\$ 5,125,000 in 2015 and US\$ 6,150,000 in 2016

18. A core activity of the programme may include supporting NDAs/focal points to work with national and sub-national stakeholders (from national government, local government, civil society or the private sector), international institutions and others as relevant to develop country work programmes tailored to their needs. Country work programmes are intended to kick-start the pipeline development process by identifying and prioritizing amongst interventions beginning immediately that align with national needs and the Fund's initial investment, allocation and results management frameworks. Programmes will build on national adaptation plans, national adaptation programmes of action, nationally appropriate mitigation actions, low emission development strategies, and other relevant work, recognizing that there is much to build on in most countries. Relevant activities will be delivered either by NDAs/focal points directly, or by expert groups contracted by the Secretariat in consultation with the NDA/focal point.⁵ The delivery partners would then be recused from being IEs in the same country. Programming has already started, and is expected to ramp up from January.

4.3 Selection of intermediaries or implementing entities

4.3.1 **Expected commitment:** US\$ 10,125,000 in 2015 and US\$ 12,656,250 in 2016

19. Activities will include:

- (a) Information-sharing on emerging Fund requirements and exchange of experience. These activities are led by the Secretariat with requisite support from independent experts and are already underway;
- (b) Development of diagnostic tools and support for their rigorous application to support self-assessments of relevant capacities and needs. Options for these tools are being developed as the accreditation framework evolves, and targeted outreach will begin in late 2014; and

⁵ For example, international and developing country-based think tanks and specialist advisory groups.

- (c) Targeted institutional strengthening activities, which will begin in 2015.

If the use of self-assessment tools identifies capacity-related needs to be addressed, the entity may access support before entering the accreditation process if there is no objection from the NDA/focal point. Activities will be delivered directly by candidate sub-national, national or regional implementing entities, or by independent expert groups contracted by Secretariat in consultation with the NDA/focal point and the applicant institution with expertise in fiduciary and environmental and social risk management.

4.4 Initial pipelines of programme and project proposals

4.4.1 **Estimated Commitment:** US\$ 20,000,000 in 2015 and US\$ 27,200,000 in 2016

20. Activities that may be supported include:

- (a) Financial, sustainability and risk assessments (political, technical, institutional, operational, financial social and environmental) informed by the investment and risk frameworks of the Fund and its approval process requirements;
- (b) Pre-feasibility technical, financial, design, engineering and other studies, including financial structuring and other expert assistance to ensure adherence with the Fund's initial investment framework and driving objectives; and
- (c) Establishment of project baselines and initiation of monitoring and reporting, reflecting the Fund's initial results management framework.

Implementing entities/intermediaries will have a central role to play in all of these activities. We anticipate that these activities will begin in late 2014/early 2015, after the Board has finalized the approval process of the Fund, its investment framework, and its fast-tracked accredited IEs. Most work in this thematic area will focus on pipeline development and strengthening to achieve the paradigm-shifting objectives of the Fund.

4.5 Learning, outreach and experience exchange

4.5.1 Estimated commitment: 2014–2016 US\$ 2,900,000

21. The Secretariat will find efficient, creative and low-cost ways to disseminate the tools it is developing, share information on the mechanics of the Fund, support learning and continuous improvement in programme development and Fund processes. Activities will include:

- (a) Regional workshops for NDAs/focal points and other stakeholders on the mechanics of the Fund;
- (b) Tool dissemination through webinars, in person workshops and other relevant tools;
- (c) Compilation and provision of practical information on key elements of effective low-emission and climate-resilient development financing; and
- (d) Periodic experience exchanges for NDAs/focal points, IEs/intermediaries, delivery partners, and others. The Secretariat will collaborate with existing organizations, including those involved in readiness activities to this end.

V. Delivery plan

22. The readiness programme will respond to all requests for readiness support through the scoping process identified in paragraph 11, subject to agreement on a scope of work that will deliver tangible results. Financing will respond to the needs and the costs of associated activities. The Secretariat anticipates that most eligible member countries will have designated a focal point or an NDA by March 2015, and about one-third of those countries (40) will also request readiness support from the Fund in one or more areas. In order to improve flexibility and responsiveness, the Secretariat will develop a programme that exceeds available resources by up to 100 per cent. Programme components will begin in phases and be implemented on a rolling basis.⁶ The resource requirements are estimated at US\$ 45 million for 2015 and an additional US\$ 55 million for 2016 to be committed to the thematic areas of readiness support indicated in section IV and disbursed over two to three years. The Secretariat will report on actual costs and requests and adjust projections as part of its biannual reports to the Board. The Board will have regular opportunities to review execution and to provide guidance on priorities within the proposed next phase of commitments. An estimated US\$ 10 million (about 15 per cent of projected readiness expenditure) is expected to be spent on readiness activities that mobilize the private sector.⁷

23. The NDA/focal point will play a central role in readiness programming. The NDA/focal point will either be the direct beneficiary/implementer of readiness support funding or will lead the process of selecting the Fund's delivery partner for these services. Implementation will be in line with the procurement guidelines of the Secretariat.

24. Delivery partners may be selected through:

- (a) A joint shortlist of a minimum of three to six potential partners with the track record, performance, interest and availability to meet the identified readiness need in a given country; or
- (b) International competitive bidding (ICB) when the scale (more than US\$ 150,000) or scope of the activity (highly specialised skill set) warrants it.

On an exceptional basis, the Secretariat may also pursue single-source contracting with the approval of the Executive Director, using agreed standard fees for various activity types. There will be a ceiling of US\$ 150,000 for each single-source procurement and a limit of 5 per cent or US\$ 3 million (whichever is larger) for the total value of single-source procurements for readiness support in the first year. The Secretariat will take responsibility for adherence to its international procurement approach. All programming decisions will be approved by the Secretariat management team.

25. Readiness support will be delivered through collaboration with others, including international organizations that are already delivering climate-related readiness support where appropriate and requested by recipient countries; think-tanks; institutes; and certain NGOs. Private firms, both international and local, will also be eligible. Some of these institutions will also seek to be IEs of the Fund. The approach will account for the roles and responsibilities of IEs of the Fund. It considers potential conflicts of interest between the delivery of readiness activities and the roles/functions of IEs who will be competing with each other to develop the best programmes. Delivery partners leading the delivery of Activities 1, 2 and 3 would likely be

⁶ Decisions on the timing of individual readiness support activities will reflect the Fund's allocation framework (for mitigation, adaptation and vulnerable countries), the Fund's investment priorities, and the Fund's initial financial risk management framework.

⁷ As noted in paragraph 6 the nature and scope of activities eligible for this financing will be agreed following input from the PSAG.

recused from also being IEs for Fund-supported programmes in the same country. All IEs/intermediaries would, however, be actively engaged in these efforts as collaborators.

26. To facilitate rapid implementation, the Secretariat may enter into overarching memorandums of understandings (MOUs) with interested capable organizations that could ultimately be selected by countries through this competitive process. The Secretariat will sign MOUs (valid for 3 years) with these organizations. MOUs may suggest standard fees for various types of readiness activities. Any of these organizations can be short-listed by an NDA/focal point. The delivery of readiness support will not be restricted to institutions with whom the Secretariat has a pre-existing MOU.

27. The Secretariat and the NDA/focal point will share responsibility for the oversight of the satisfactory delivery of readiness support. Partners will be held accountable for high quality delivery through carefully structured arrangements that link both payment and continued work to delivery.

Annex I: Draft Decision of the Board

The Board, having reviewed document GCF/B.08/10 *Revised Programme of Work on Readiness and Preparatory Support*, and in alignment with decisions B.05/14 and B.06/06, paragraph (a):

- (a) Recalls that, in accordance with decision B.06/11, the Secretariat shall report in detail twice a year on activities undertaken by the readiness and preparatory support programme and the progress of committing and disbursing available funds;

Allocation

- (b) Decides to allocate 75 per cent of readiness support funding to small island developing States, least developed countries and African States and 25 per cent to other eligible developing member countries. Actual commitments in the two allocation categories will be tracked and reported ex-post in each biannual readiness programme report to the Board;
- (c) Decides that readiness commitments to individual developing member countries will be capped at US\$ 1 million per calendar year. These commitments will be tracked and reported ex-post in each biannual readiness programme report to the Board. Allocations will take into account complementary programming that is underway by delivery partners;
- (d) Decides that this interim readiness funding allocation system will be reviewed after two calendar years (2015 and 2016), with a view to moving forward to a system of country-based allocations for readiness support;

Spending priorities

- (e) Agrees that the core objectives of the readiness programme will be to:
- (i) Support National Designated Authority (NDA) or focal point engagement with national and sub-national government, civil society and private sector stakeholders with regard to the priorities of the Green Climate Fund;
 - (ii) Develop strategic frameworks for national engagement with the Fund, building on existing policies and frameworks of the Fund;
 - (iii) Enable national and sub-national institutions to meet the accreditation standards of the Fund; and
 - (iv) Support the development of programming pipelines that are aligned with the objectives and initial investment framework of the Fund and that will support the paradigm shift to low-emission and climate-resilient development.

Progress in meeting these objectives will also be subject to an independent evaluation after two years to inform requisite improvements and the design of a country-based allocation system; Decides that the Fund can provide up to US\$ 300,000 of direct support to each NDA/focal point for institutional strengthening;¹

¹ The Secretariat may contract consultants or a delivery partner to support its grant management. The country programming division will take direct responsibility for agreement of programming and monitoring of progress towards its completion.

- (f) Decides that the Fund, in coordination with the respective NDA(s) or focal point(s), is to:
- (i) Deploy readiness funding to candidate sub-national, national or sub-regional implementing entities (IEs) and intermediaries who wish to be accredited to the Fund, subject to a “no-objection” from the NDA/focal point; and
 - (ii) Prepare such IEs and intermediaries to apply for accreditation;
- (g) Decides that the Fund, in close coordination with the respective NDA(s) or focal point(s), is to deploy readiness funding to accredited IEs or intermediaries to develop detailed project and programme pipelines or scoping work, in line with the final approval decision of the Fund, once adopted;
- (h) Requests the Secretariat to support an initial round of regional workshops with NDAs/focal points, existing and potential IEs, and civil society and other stakeholders to raise awareness of the emerging modalities of the Fund and opportunities to engage. The Secretariat may convene NDAs/focal points and IEs at regional or global level (depending on NDA/focal point interest and inputs) to share lessons learned on stakeholder engagement, programme development and Fund engagement, and from their readiness activities, supported by experts, to foster learning and improvement;
- (i) Requests the Private Sector Advisory Group and the Private Sector Facility of the Fund to provide recommendations for the deployment of readiness funding of up to US\$ 10 million over the next two years (2015 and 2016) for private sector activities;
- (j) Decides that, from the resources available or to be made available in the Green Climate Fund Trust Fund, US\$ 29 million is to be allocated to the Secretariat for the execution of the approved readiness and preparatory support programme and authorizes the Interim Trustee to commit to and transfer such funds from the Green Climate Fund Trust Fund to the Secretariat, subject to the availability of resources;

Modalities and approach

- (k) Decides that all deployment of readiness and preparatory support funding will be led by the NDA or focal point, in consultation with the Secretariat. Specifically, the NDA/focal point will *either* be the direct beneficiary/implementer of readiness support funding *or* will lead the process of selecting the Fund’s delivery partner for these services, in partnership with the Secretariat who will ensure that programming meets the objectives of the program. Implementation will be in line with the procurement guidelines of the Secretariat;
- (l) Approves that:
- (i) The selection of the Fund’s delivery partners will be through international competitive bidding or limited international bidding, in accordance with the Fund’s Procurement Guidelines, depending on the value of the contract;
 - (ii) When giving no-objections for the shortlisting of potential delivery partners, the Fund will consider potential conflicts of interest;
 - (iii) The Fund will clear all payment requests from delivery partners with the relevant NDA(s)/focal point(s); and
 - (iv) Before making payments the Fund will also assess the performance, impacts and value for money of the services to date. Track record, performance and capacity/availability to deliver the required support will be key criteria in selecting an implementation approach;

- (m) Confirms that the Secretariat will continue to lead efforts to coordinate with partner institutions involved in the delivery of readiness support through information-sharing (including the maintenance of an inventory of ongoing efforts), dialogue and efforts to maximize complementarity at both the global and country level;
- (n) Decides that the Board may authorize, after reviewing the biannual readiness programme report the Secretariat submits to the Board, including emerging lessons learned and global experiences of the programme, the allocation of additional funds to the Secretariat for the execution of additional approved readiness and preparatory support activities.

Annex II: Approach to near-term priorities and progress to date

I. Scoping approach

1. Country responses to the Secretariat's efforts to understand readiness needs suggest a strong early interest in supporting national stakeholders in reflecting on priorities for engagement with the Fund and to kick-starting the pipeline development process. Table 1 summarizes the requests received as of 18 September 2014. The majority of requests were received from African States and small island developing States (SIDS) and include a significant number of least developed countries (LDCs). These responses are aligned with the stated priorities of the programme to ensure support for SIDS, LDCs and African States to make good use of the Fund. In most of these countries, substantial investments have already been made in climate change strategy development. Other development partners, international organizations and NGOs are also supporting many activities related to the priorities of the Fund.

Table 1. Overview of countries' requests for readiness support

Region	Number of NDAs/focal points designated	Number of requests for support	Type of support requested			
			Strategic engagement	NDA	NIE	Pipelines/Priorities
Africa	24	7	5	4	2	5
Asia	9	3	2	1	3	2
SIDS	20	10	6	5	4	6
Latin America	1	1	0	1	1	1
Total	54	21	13	11	10	14

2. The readiness programme must complement rather than duplicate ongoing activities. This programme of work is based on a global mapping of activities of international institutions (such as United Nations agencies, multilateral development banks and development agencies), private organizations, think tanks and civil society organizations (including institutions based in developing countries) that are involved in strengthening capacities to make effective use of climate finance. As noted in previous Board documents, there are a large number of relevant initiatives underway. In the last year alone several new initiatives have been launched. Through baseline scoping in response to requests for support, the Secretariat is also building a more complete "bottom up" map of relevant actors, activities and stakeholders.

1.1 Activity 1: Establishing and strengthening NDAs/focal points

3. The NDA/focal point has the potential to play a crucial role in supporting the government, sub-national governments, the private sector, financiers and civil society organizations within recipient countries to engage with the Fund. It will facilitate ownership of the Funds' programming. Guidance on the roles and responsibilities of the NDA/focal point is included in the decision on country ownership which remains to be taken by the Board; Box 1 summarizes key functions implied by decisions the Board has taken so far. The NDA/focal point will need to fulfil a wide range of functions in order to effectively facilitate transformational changes and a paradigm shift with climate response activities in their countries.

Box 1. NDA/focal point Roles and Responsibilities

- Develop strategic country work programmes periodically that identify priorities for the Fund and implementing entities (IEs)/intermediaries. Work programme development is optional, but may present a strategic basis for engagement with the Fund;
- Facilitate national stakeholder engagement in strategic decisions on priorities for the Fund to achieve a paradigm shift, including key government and sub-national agencies, and civil society and private sector actors;
- Participate in the pre-screening of project concepts alongside the Secretariat;
- Participate in the “no-objection” with regard to national and sub-national IEs/intermediaries, through which the country may access the Fund;
- “Object” to proposals that do not align with national priorities and needs using the transparent “no-objection” procedure to be agreed by the Board;
- Keep informed of Board decisions;
- Keep abreast of programme implementation and progress and support effective monitoring and evaluation; and
- Identify, support and help hold IEs/intermediaries accountable for delivery, and support monitoring, evaluation and learning.

4. Designating NDAs: Some countries have requested support in designing ideal NDA arrangements. In response, the readiness programme could support assessments of relative strengths and weaknesses of institutional arrangements based on stakeholder and institutional mapping. Many partner organizations have developed methods and tools to support such institutional assessments in collaboration with national stakeholders and to help countries make informed decisions.

5. Supporting core functions: The Fund will not encourage the creation of new institutions for the sole purpose of accessing the Fund. Delivering on the core responsibilities of the NDA/focal point will require substantial time and potentially pose significant costs, however, particularly to engage and convene civil society, private sector and sub-national stakeholders to agree priorities. Box 2 summarizes approaches that other multilateral funds have taken in meeting these needs, as well as lessons learned from the approaches they have taken. Taking these experiences, practices and costs, into account, the Secretariat proposes that NDAs/focal points should be able to apply for up to US\$ 300,000 to help meet the costs of delivering on the Fund’s requirements (including ongoing engagement of stakeholders and proactive engagement with IEs and intermediaries). Funding could be directly available to enable the NDA/focal point to deliver on its responsibilities. It could cover agreed costs, for example for recruiting local advisors and consultants to support the NDA/focal point to deliver on their responsibilities, the costs of convening meetings and key stakeholders (sub-national government and civil society and private sector actors) using gender-sensitive approaches; information-sharing (e.g. maintenance of a website, periodic communications and other dissemination activities). Funding would support the achievement of agreed milestones and would be delivered on the basis of demonstrated achievement of these milestones.¹ The NDA/focal point could be encouraged to demonstrate matching co-finance.²

¹ This reflects the approach taken by the Global Fund to Fight AIDS, Tuberculosis and Malaria, and lessons from the Multilateral Fund for the Implementation of the Montreal Protocol which highlighted the need for measurable performance indicators to support monitoring and accountability.

² Including through in-kind support.

6. These investments will be consistent with (and help advance) efforts to mainstream climate change considerations into national finance and development decisions. Funding would be prioritized for strengthening NDAs/focal points in SIDS, LDCs, and African States. This approach will be re-assessed after two years. A key metric of success will be whether such support results in investment proposals that have strong paradigm shift potential and are aligned with national needs.

Box 2. Experience of other funds in supporting institutions to engage

An active and effective institutional interface for a global fund may incur significant costs in fulfilling its mandate to engage national stakeholders in programming the Fund.

The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) provides funding to cover eligible costs to strengthen the performance of country coordination mechanisms (CCMs). CCM funding supports the national oversight of programmes and the engagement of constituencies, including civil society, the private sector and local institutions. There is no upper limit to the amount of funding that can be requested; if countries request more than US\$ 200,000 over a two-year period, they raise 20 per cent of the additional financing from other sources.³

The Multilateral Fund for the Implementation of the Montreal Protocol (MLF) provided funding to establish national ozone units in the governments of each recipient developing country. Evaluations suggest that the support was important in boosting capacity to move quickly.⁴ However, this fund recognized the need to set clear goals and outcomes for the support. The funding covered the costs of providing at least one full-time staff member basic office and communication costs.⁵

The Global Environment Facility (GEF): Under the GEF Country Support Programme, operational focal points can access a grant of up to US\$ 9,000 to support daily work.⁶ Countries can access up to US\$ 30,000 for National Portfolio Formulation Exercises (NPFs) to programme available resources. NDAs have much broader responsibilities than GEF focal points, and will have a vital role in supporting national institutions and stakeholders to engage with the Fund and approve programmes. In practice, direct access to GEF finance for enabling activities and NPFs has proven cumbersome and labour intensive for the GEF Secretariat.

³ <http://www.theglobalfund.org/en/ccm/funding/>.

⁴ <http://www.multilateralfund.org/sites/56th/Document%20Library2/1/5608.pdf>.

⁵ Salaries for professional and support staff took the highest proportion of expenditure (40–60 per cent). In terms of activities, public awareness and stakeholder engagement used the most funding.

⁶ Eligible costs include translation, printing and dissemination of relevant GEF documents; creation of a GEF website; creation of a GEF project database; creation of a reference library of relevant information and publications on the GEF; organization of meetings for country-level coordination; establishment of inter-agency GEF committee workshops, training courses and field visits; and participation in GEF constituency meetings convened by the Council]. GEF, available at http://www.thegef.org/gef/sites/thegef.org/files/publication/CSP%20Toolkit%20FINAL_HS.pdf. Funding cannot be used for the purchase of computer hardware, construction repair works (rebuilding, painting), or salaries for civil servants. Focal points must report on spending annually.

1.2 Activity 2: Strategic frameworks, including the preparation of country work programmes

7. Several countries have made requests for readiness support to the Secretariat, with the goal of ensuring priorities are aligned with national strategies and contribute to the Fund's results areas. The Secretariat would be actively involved at the outset, drawing lessons from similar exercises such as the GEF-supported National Portfolio Formulation Exercises.⁷ Programmes will build on existing strategies, policies, relevant readiness programming priorities and needs assessments, and other relevant work, including by other entities such as international organizations, development agencies, global think tanks, national NGOs, and research and academic institutions. National government agencies, local governments, financial institutions and civil society and private sector stakeholders will be engaged. In some cases they may focus on concrete investment opportunities that result from strategies that have already been developed.

1.3 Activity 3: Selection of intermediaries or implementing entities and support for accreditation

8. A first priority of the readiness programme is to work with the accreditation team within the Secretariat to ensure that the necessary information is readily available and easy to use to allow entities to navigate the process. The Secretariat will also support South-South exchanges, which will provide the opportunity for institutions that have already been through an accreditation process to share their insight and experiences with others that are embarking on a similar process, in partnership with other Funds and institutions including MDBs, United Nations agencies, existing climate funds, think tanks, NGOs and others.

9. The Secretariat will develop information tools and guidance to ensure that countries understand the fit-for-purpose accreditation process and associated requirements. Options for these tools will be developed in parallel with the emerging accreditation framework. The goal is for rapid progress to be made on outreach and support to all interested IEs/intermediaries once final decisions are taken. These tools will be made publicly available and disseminated widely through partner organizations and the NDA/focal point. These will include a self-assessment tool that will allow potential IEs or intermediaries to undertake their own pre-screening of whether they are likely to meet the Fund's accreditation requirements, including fiduciary standards and environmental and social safeguards, and to identify any key gaps that may exist. They may also include modules that explain the functions and responsibilities of IEs and intermediaries. Tools and information will be updated to reflect the evolving accreditation framework, including fit-for-purpose accreditation requirements.

10. Identifying national IEs/intermediaries: Countries may request a scoping assessment which will consider the role that various institutions could play in advancing the implementation of priorities identified through the country work programme (or similar process) and identify one or more institutions that may be well placed to play the role of national IE or intermediary. Once potential institutions have been identified, the NDA/focal point may request support from the Secretariat to help ensure the entity can meet the accreditation requirements within a reasonable timeframe and identify any gaps that may need to be addressed.

⁷ GEF Evaluation of National Portfolio Formulation Exercises.

11. Institutions may be eligible to receive a personalized readiness and preparatory support plan to meet the Fund's accreditation requirements if the use of the accreditation self-assessment tool referred to above suggests actionable issues that need to be addressed. To serve as a basis for accessing readiness support, the self-assessment would need to be completed through a transparent process in collaboration with experts from the Secretariat who assess the capacity of the identified institution(s) to:

- (i) Advance the strategic priorities of the country in consultation with relevant stakeholders;
- (ii) Advance the objectives of the Fund; and
- (iii) Comply with the relevant initial fiduciary standards and interim environmental and social safeguards of the Fund.

Each institution's need for financial support will also be considered. Institutions will submit a request for such support directly to the Secretariat, along with a communication indicating no-objection from the relevant NDA/focal point and the results of the accreditation self-assessment. Alternatively, an institution may be referred to the readiness programme by the Secretariat's accreditation team, having undergone Stage I or Stage II of the accreditation process (as set out Annex I to document GCF/B.07/11) and been found to demonstrate weaknesses or a lack of capacity to comply with the requirements.

12. The Secretariat will structure the delivery of accreditation support with a clear separation of duties between the Fund's accreditation team and the readiness programme. Access to readiness support does not guarantee that the independent Accreditation Panel will approve a national, subnational or regional IE /intermediary's accreditation request. However, the Secretariat will conduct requisite due diligence and oversight to ensure a high quality of service from the delivery partners who would provide this support.

1.4 Activity 4: Initial pipeline of programme and project proposals

13. A core output of the readiness programme will be to generate a strong and ongoing pipeline of programmes at country and possibly regional level with a variety of intermediaries/IEs (international, regional, national or sub-national) that is aligned with the initial investment, allocation and results management frameworks of the Fund. In the near term, the development of proposals that meet the investment criteria will be a crucial metric of the success of the programme. These priorities may be derived from the process of developing a country work programme and project concepts, or from other processes a country may establish. The approach will be consistent with the final approval process of the Fund.

14. Readiness support will be strategically deployed to ensure an impactful and sustainable pipeline for the Fund, including private sector investment, over the short, medium and long term. The Secretariat will focus on programmatic approaches that can help catalyse requisite shifts in institutional, policy and enabling environments.

15. Initial readiness support for pipeline development will involve close engagement of the NDA and/or focal point and be led by their chosen IEs/intermediaries. Activities may include:

- (a) Identification of programmes and projects that advance national priorities and are aligned with the results management framework of the Fund, including support for ensuring appropriate enabling investment conditions for specific projects or programmes;
- (b) Project or programme preparation;

- (c) Risk assessments, including political, technical, institutional, operational, financial, social and environmental;
- (d) Financial assessments, including of long-term sustainability and the strategic use of available public and private sources of finance; and
- (e) Identification of programme and project-level indicators aligned with the results management framework of the Fund, and support for the monitoring and evaluation of impacts.

1.5 Activity 5: Information, experience and learning

16. Feedback received to date suggests strong potential value of in-person opportunities to understand the mechanics of the Fund, and over time, share experiences with accessing and using the Fund's resources to achieve a paradigm shift. The experience of the Adaptation Fund confirms that outreach to regional stakeholders on the opportunities that a new climate Fund presents helps raise awareness. The experience of the Multilateral Fund for the Implementation of the Montreal Protocol suggests that there can be substantial value in NDAs/focal points, IEs/intermediaries and other stakeholders periodically exchanging lessons learned and good practices with respect to stakeholder engagement, programme development and oversight, and meeting the various standards of the Fund. There may also be value in facilitating access to knowledge products that other partners in the international climate finance space are providing on experiences with climate finance. The readiness programme of the Fund would explore opportunities for making such knowledge and insight accessible to countries in a practical manner, and occasionally produce bespoke analysis of lessons from the Fund's own experience. The focus of these efforts will be on supporting practical implementation at country level.

17. The Secretariat will support an initial round of regional workshops with NDAs/focal points, existing and potential IEs, and civil society and other stakeholders to raise awareness of the emerging modalities of the Fund and opportunities to engage. The Secretariat may convene NDAs and IEs at a regional or global level (depending on NDA/focal point interest and inputs) to share lessons learned through stakeholder engagement, programme development and Fund engagement, and lessons from their readiness activities, supported by experts, to foster learning and improvement. The Secretariat will seek to collaborate with partners to minimize the costs of convening and reduce risks of duplication.

Annex III: Implementation Modalities and Approach

	Readiness and preparatory support programme framework				South-South learning, knowledge management & outreach
	NDA/Focal point support	Strategic framework	Pipeline development	Implementing entity (IE) candidate support ¹	
Activities <i>(Unit cost/beneficiary)</i>	<ul style="list-style-type: none"> NDA/focal point institutional strengthening <i>(Up to US\$ 300,000)</i> 	<ul style="list-style-type: none"> Country work programme <i>(Up to US\$ 100,000)</i> 	<ul style="list-style-type: none"> Pipeline development by NDA/focal point <i>(Up to US\$ 150,000)</i> Project or programme development by accredited IE <i>(Up to US\$ 1 million)</i> 	<ul style="list-style-type: none"> IE/intermediary institutional strengthening <i>(Up to US\$ 150,000)</i> Accreditation application support <i>(Up to US\$ 200,000)</i> 	
Implementer <i>(Implementer has contract with Secretariat)</i>	<ul style="list-style-type: none"> NDA/focal point (direct); <u>or</u> Delivery partner² 		<ul style="list-style-type: none"> NDA/ Focal Point Delivery partners / Implementing Entities 	<ul style="list-style-type: none"> IE/intermediary candidate (direct); <u>or</u> Delivery partner 	
Selection <i>(In alignment with Fund procurement guidelines)</i>	<ul style="list-style-type: none"> Selection led by NDA/focal point; <u>and</u> No-objection from Secretariat³ 			<ul style="list-style-type: none"> Selection led by Secretariat; <u>and</u> No-objection from IE/intermediary, NDA/focal point 	

Notes: The Secretariat will provide detailed biannual updates on the above programming as it evolves with country demand as well as on performance against programme objectives and the allocation framework; NDAs/focal points will review implementer deliverables for the clearance of Secretariat payments on the basis of demonstrated performance.

¹ Candidates can include sub-national, national or regional IEs or intermediaries. Candidate IEs/intermediaries are eligible for readiness support. Participation in the readiness programme does not guarantee successful accreditation.

² Delivery partners might include United Nations agencies, multilateral and bilateral agencies, think tanks, local or international NGOs, private firms or individual contractors. Selection of delivery partners is led by NDAs/focal points with support from the Secretariat, along with quality assurance of deliverables.

³ No-objection refers to the Secretariat's responsibility to ensure alignment with objectives of the readiness programme and Fund, value for money and quality assurance, and compliance with the Fund's procurement guidelines, as well as manage possible conflicts of interest.