



GREEN  
CLIMATE  
FUND

---

# Status Report on the Operations Manual and Appraisal Toolkit

---

**GCF/B.09/Inf.06**

26 February 2015

**Meeting of the Board**

24-26 March 2015

Songdo, Republic of Korea

Agenda item 17

# Status Report on the Operations Manual and Appraisal Toolkit

## I. Introduction

1. According to decision B.07/03, paragraph (h), the Board requested the Secretariat “to develop an operations manual and an appraisal toolkit for the initial proposal approval process for programme and project funding”. This status report summarizes the progress made to date (mid-February 2015) and the future steps to be taken to lead to the completion of the initial versions of the Operations Manual and the Appraisal Toolkit.

2. The purpose of the Operations Manual is to provide guidance to its users on the Fund’s operations, from accreditation to results management. Each chapter of the manual compiles the relevant decisions and lays out the key documents for one of the Fund’s operational pillars, of which there are five in total. The manual is expected to be a comprehensive and voluminous web-based tool and therefore will require a significant amount of time to complete. It is also anticipated that it will evolve and be updated on an ongoing basis. The Operations Manual will provide information on the Fund’s operations to its staff, national designated authorities (NDAs), accredited entities, project developers and other stakeholders.

3. The chapters of the Operations Manual are being developed around the following five operational pillars of the Fund:

- (a) Accreditation;
- (b) Readiness and preparatory support;
- (c) Investment framework;
- (d) Proposal approval process; and
- (e) Results management framework.

4. The purpose of the Appraisal Toolkit is to provide NDAs, accredited entities (or entities interested in applying for accreditation) and other stakeholders with guidance on the development of funding proposals as well as good practices for project and programme appraisals. The toolkit is intended to be a user-friendly guide that enhances the capacity of accredited entities, particularly subnational, national and regional accredited entities, under the direct access modalities. It has strong linkages with the Fund’s investment framework, proposal approval process and results management framework, and also builds on these policies. Like the Operations Manual, the Appraisal Toolkit will also be a web-based tool.

5. By providing greater clarity to NDAs, accredited entities and other stakeholders, the Fund will make the appraisal process more transparent and predictable. The Fund acknowledges that each accredited entity will have its own internal procedures and criteria for preparing and appraising programmes and projects, which the Fund will have reviewed as part of the accreditation process. In some cases, the Fund’s investment criteria, safeguards and fiduciary requirements will be broadly similar to those of the accredited entity. Whereas in other cases, the Fund may have requirements above and beyond those that the accredited entity would usually employ for their own internal purposes. The Appraisal Toolkit will help accredited entities to better understand these requirements.

6. The Appraisal Toolkit tentatively contains the following chapters:

- (a) Guidance on funding proposals;
- (b) Guidance on project and programme appraisals; and
- (c) Summary of key operational policies.

7. Both the Operations Manual and the Appraisal Toolkit will be presented in clusters of “live” web-based tools. The Secretariat will update these tools regularly. This outward-facing approach reflects the Fund’s ambition to be a modern, agile, transparent, efficient and effective organization. The approach also allows users to access up-to-date information on a real-time basis.
8. The Operations Manual and the Appraisal Toolkit can be found under the “Operations” section of the Fund’s website.<sup>1</sup>
9. This status report is structured into two main sections that present an overview of the Operations Manual and the Appraisal Toolkit, respectively. The overview provides a draft outline and reflects the progress made to date. Each chapter of the Operations Manual begins with the relevant Board decisions that have been compiled for that operational pillar and subsequently presents informative guidance and tools.

## II. Operations Manual overview

10. As the Operations Manual is intended to provide guidance to users on the Fund’s operations, it largely reflects the operational knowledge and experience of the Fund to date. Therefore, the first two chapters on accreditation and readiness are the most advanced in terms of content and applied knowledge. The knowledge and experience gained from accreditation and readiness operations thus far, which in turn drives much of the content in the manual, provides a model for how the other chapters will be further elaborated and expanded on over time.
11. Many of the key documents or files listed in the various chapters have been developed as informational tools directly in response to stakeholder needs. One particularly important informational need is to provide materials that explain Board decisions in a more user-friendly manner. The Operations Manual will address this need. Each chapter of the Operations Manual will compile the relevant Board decisions, convert the information into a more user-friendly format where necessary, and provide the tools or guidance that makes the information useful to a wide variety of stakeholders.

### 2.1 Chapter 1: Accreditation

12. The accreditation submission and review process is entirely web-based, and the Online Accreditation System (OAS) went “live” on 17 November 2014. On the same day, the call for applications for accreditation was opened. Relevant guidance has already been developed as part of the OAS launch and is included in the Operations Manual.
13. The OAS is part of a planned web-based system platform through which accredited entities will interact with the Fund. The system platform will connect and integrate several operational functions, including the OAS, funding proposal submission, results monitoring and reporting, and other functions as business needs evolve.
14. The following accreditation-related informative guidance and tools have been prepared:
  - (a) Board decisions on accreditation;
  - (b) Introduction to the Fund’s accreditation framework;
  - (c) An NDA or focal point (FP) template nomination letter for an accreditation application;
  - (d) Application form instructions and guidance for the applicant;

---

<sup>1</sup> See <<http://www.gcfund.org/operations/resourceguide>>.

- (e) The Fund's fiduciary standards;
  - (f) The Fund's interim environmental and social safeguards;
  - (g) Fast-track accreditation eligibility and guidance on completing the application form for the applicant;
  - (h) Policy on accreditation fees; and
  - (i) The Accreditation Panel terms of reference.
15. Accreditation frequently asked questions (FAQs) are currently under development.

## 2.2 Chapter 2: Readiness and preparatory support

16. The Fund's readiness and preparatory support work programme (readiness programme) began with the Executive Director's letter of April 2014 requesting nominations for NDAs or FPs. Since then, the Secretariat has prepared initial guidance materials for NDAs and FPs that wish to seek the Fund's readiness and preparatory support.

17. As the readiness programme scales up, the Secretariat plans to shift to portal-based communications with NDAs and FPs. This portal will be developed based on the accreditation portal that is already in use.

18. The following informative guidance and tools have been prepared for readiness and preparatory support:

- (a) Decisions on readiness;
- (b) Readiness programme overview;
- (c) Introduction to the readiness programme;
- (d) Best-practice guidelines for the selection and establishment of NDAs/FPs;
- (e) Best-practice options for country coordination and multi-stakeholder engagement;
- (f) The no-objection procedure;
- (g) General guidelines for country programmes;
- (h) NDA/FP designations;
- (i) National designated authority and focal point FAQs; and
- (j) Readiness support for accreditation.

19. The following informative guidance and tools are under development for the readiness programme:

- (a) Resource guide for NDAs/FPs;
- (b) Checklist and toolkits for NDAs/FPs; and
- (c) The grant agreement template for readiness support.

## 2.3 Chapter 3: Investment framework

20. The investment framework was adopted at the seventh Board meeting in May 2014. Since then, it has undergone further refinements and developments: the definition of sub-criteria and indicative assessment factors, and also the identification of assessment methodologies.

21. Further developments of the framework seek to operationalize it and to signal as clearly as possible to countries, accredited entities, project developers and other stakeholders the types of projects or programmes that the Fund may finance. The further development of the investment framework will be presented at the ninth Board meeting in March 2015.
22. The following informative guidance and tools have been prepared for the investment framework:
  - (a) Decisions on the investment framework;
  - (b) Investment framework; and
  - (c) The allocation of Fund resources.
23. The following document will be developed and included in the Operations Manual when the sub-criteria, indicative assessment factors and methodology are adopted: guidance on the investment framework.

## 2.4 Chapter 4: Proposal approval process

24. The proposal approval process was adopted at the seventh Board meeting in May 2014. Informational materials in this chapter will explain the approval process, while other key tools, such as the concept note checklist and funding proposal checklist, will help to operationalize it.
25. The following informative guidance and tools have been prepared for the proposal approval process:
  - (a) Decisions on the proposal approval process;
  - (b) Project approval process; and
  - (c) A process flow chart:

Following the decision, a process flow chart was developed to illustrate the proposal approval process. The flow chart includes the tentative roles and responsibilities among different actors in the process as well as the indicative service standard timelines for different steps.
26. The following informative guidance and tools are under development for the proposal approval process:
  - (a) Concept note checklist:

The manual will provide an online concept note checklist, which the project developer, accredited entity, NDA or other stakeholder can quickly reference in the development of their concept note. Further guidance on how to develop and strengthen a concept note will be provided as part of the Appraisal Toolkit.
  - (b) Funding proposal checklist:

The manual will also provide an online funding proposal checklist, which will outline the key information and documents that the accredited entities in a funding proposal will be required to provide. Like the concept note checklist, further guidance on how to develop and strengthen a funding proposal will be provided as part of the Appraisal Toolkit.

In order to build on experience gained and lesson learned from other funds and institutions, the Fund strives for a streamlined, flexible and efficient funding proposal structure. The required information can therefore be provided in different forms. The entities can either choose to fill out the online sections as set out in the checklist or they can provide cross-referencing information to the entities' other project documents.

- (c) Assessment sheet:  
An assessment sheet will be developed for the Secretariat team and the Technical Advisory Panel to use when recording the assessment findings. This document will be prepared based on further development of the investment framework.
- (d) Terms of Reference for the Technical Advisory Panel.

## 2.5 Chapter 5: Results management framework

27. The results management framework (RMF) is the instrument that guides the Fund's investments towards a set of results that aim to contribute to the Fund's objectives. The framework also provides guidance on monitoring, reporting and evaluating the performance of the Fund's funded projects and programmes.

28. The following informative guidance and tools have been prepared for the results management framework:

- (a) Decisions on RMF;
- (b) Results management framework;
- (c) Performance measurement frameworks (PMFs); and
- (d) The logic model and PMF for REDD+ results-based payments.

29. The following informative guidance and tools are under development for the results management framework:

- (a) Refinement of PMF indicators;
- (b) Monitoring and reporting toolkits:

The work on the indicators' methodologies will serve as a basis for the development of toolkits for monitoring and reporting at the project/programme level. These toolkits will be embedded in a broader training material package in order to build the capacity of the NDAs and accredited entities. In addition, the implementation of e-training courses through the web-based platform is envisaged.

- (c) Monitoring and reporting online tool:

The monitoring and reporting toolkits discussed above will be supported by a web-based monitoring and reporting tool, which will be a component of the broader operations system platform, including the accreditation application and funding proposal submissions. Accredited entities implementing projects supported by the Fund will report their project/programme results and implementation progress through this web-based tool.

### III. Appraisal Toolkit overview

30. The Appraisal Toolkit is intended to assist NDAs, accredited entities (or entities interested in applying for accreditation), project developers and other stakeholders to understand the Fund's requirements for conducting appraisals and preparing funding proposals. The toolkit is meant to provide user-friendly guidance to the entities, particularly for those under direct access modalities. It builds on the Fund's investment framework, proposal approval process and results management framework.

31. In paragraphs 32-37 below is a preliminary draft outline of the Appraisal Toolkit. The Secretariat will develop the toolkit as the implementation of the investment framework, proposal approval process and results management framework progresses. The toolkit will be

web-based and updated as needed in order to incorporate the experience gained and lessons learned through its use.

### 3.1 Chapter 1: Guidance on funding proposals

32. This chapter will list the key elements that are expected to be addressed in the funding proposal and will provide guidance on the required information for each key element. In the process of developing a funding proposal, accredited entities will need to familiarize themselves with the key procedures related to interactions with NDAs, FPs and other key stakeholders.

33. The key elements expected to be addressed in the funding proposal are as follows:

- (a) Basic project information;
- (b) The strategic context and alignment with the country's climate strategy;
- (c) A summary of the project description (objectives, components and financing);<sup>2</sup>
- (d) The appraisal outcome;
- (e) The project/programme performance against the Fund's investment criteria:
  - (i) Impact potential;
  - (ii) Paradigm shift potential;
  - (iii) Sustainable development potential;
  - (iv) Needs of the recipient;
  - (v) Country ownership; and
  - (vi) Efficiency and effectiveness;
- (f) The estimated project timeline; and
- (g) The results monitoring and reporting framework.

### 3.2 Chapter 2: Guidance on project and programme appraisals

34. This chapter will list the key elements that are expected to be addressed in the project and programme appraisal process, which reflects good practices for appraising a project or programme.

35. The guidance on project and programme appraisals ties closely to the previous chapter on funding proposals. The appraisal outcome is a critical element of the overall funding proposal, and accredited entities have discretion in how they wish to present the appraisal outcome. Accredited entities may wish to either incorporate the full appraisal into the funding proposal (as per the "appraisal outcome" in the previous chapter) or present the appraisal as a separate stand-alone document with a summary in the funding proposal.

36. Below is the draft outline of the key elements of an appraisal. These elements are tailored to appraisals of investment projects. Further guidance for policy-related interventions, results-based payment mechanisms, programmatic approaches, and private sector operations will be developed later:

---

<sup>2</sup> The type of financial instrument, the amount and tenor as well as justifications for the requested terms and level of concessionality.

- 
- (a) Detailed project description:
    - (i) Background and objectives;
    - (ii) Project components; and
    - (iii) Project financing structure;
  - (b) Appraisal themes:
    - (i) Economic and financial analysis;
    - (ii) Technical evaluation;
    - (iii) Environmental and social assessments, including gender considerations;
    - (iv) Financial management; and
    - (v) Procurement;
  - (c) Risk assessment;
  - (d) Institutional and implementation arrangements; and
  - (e) Stakeholder engagement.

### 3.3 Chapter 3: Summary of key operational policies

37. For ease of reference, the Appraisal Toolkit will contain a summary that provides users with an overview of the following key operational policies:

- (a) Best-practice guidelines for the selection and establishment of NDAs/FPs;
- (b) Best-practice options for country coordination and multi-stakeholder engagement;
- (c) General guidelines for country programmes;
- (d) The no-objection procedure;
- (e) The investment framework;
- (f) The project approval process; and
- (g) The results management framework.

## IV. Conclusion

38. The Operations Manual and Appraisal Toolkit outlined above are intended to be constantly evolving tools that will be developed and refined over time as the implementation of the relevant operational policies progresses. They will be web-based and updated regularly as experience is gained and new information becomes available.

---