



**GREEN
CLIMATE
FUND**

Meeting of the Board

27 February – 1 March 2018
Songdo, Incheon, Republic of Korea
Provisional agenda item 21(b)

GCF/B.19/32/Rev.01

20 February 2018

Readiness and Preparatory Support Programme: revised work programme for 2018

Summary

This document responds to the request of the Board at its eighteenth meeting that the Secretariat present a revised work programme for the Readiness and Preparatory Support Programme, including a request for funding for 2018, for the Board's consideration at its nineteenth meeting, based on the outcome of an initial programme review.

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Executive summary

1. The Readiness and Preparatory Support Programme (hereinafter referred to as the Readiness Programme), rooted in the Governing Instrument for the GCF, was conceived to help developing countries to prepare or strengthen their national low-emission and climate-resilient strategies and plans, as well as to strengthen in-country institutions for coordination and direct access to the GCF. At its eighth meeting, the Board reaffirmed readiness support as a strategic priority to enhance country ownership and access during the early stages of the operationalization of GCF, and agreed on the scope and operational modalities of the Readiness Programme.
2. The initial strategic plan for GCF in early 2016 called for GCF to step up its efforts and accelerate its pace to ensure that the GCF pipeline meets its transformational ambition, and enhance readiness support for developing countries in establishing and strengthening the capacity of national designated authorities (NDAs) and in preparing their country programmes. The impetus this provided coupled with support approved for new areas, particularly on adaptation planning, resulted in a significant uptake in demand during 2017. To date, 124 countries have engaged with the Readiness Programme, 106 are slated to receive support exceeding USD 70 million, and 86 have started implementation, focusing principally on strengthening NDAs, developing initial elements of country programmes, and accreditation of direct access entities.
3. Over the last three years, the Secretariat has implemented the Readiness Programme in line with Board mandates and responding to country needs. While sometimes falling short in keeping up with demand, the Secretariat has gained considerable insights and lessons learned to improve the impact and delivery of the programme. With this objective, a revised work programme and request for funding has been developed based on the Secretariat's initial review of the programme.

Actions based on key findings from the initial review

4. The findings of the initial review, including an independent analysis by Dalberg Global Development Advisors, confirm that there remains sustained demand from countries for support in building their capacity and pipelines inclusively with stakeholders as prerequisites for country ownership. Recently demand has also grown in size and complexity to cover in-depth country programmes, adaptation planning processes and project/programme pipelines. The findings bring to the fore challenges in implementing the programme and opportunities to improve its design and implementation, as follows:
 - (a) **Design level**
 - (i) Theory of change: articulate a coherent set of activities and outputs contributing to the outcomes and objectives of the programme to give it a unifying vision;
 - (ii) Longer-term support: improve guidance to shift countries from ad hoc to strategic use of available resources over multi-year periods enabling sustained capacity and impact; and
 - (iii) Knowledge management: increase development of knowledge products, including tools and good practices, to improve the quality of outputs and outcomes, and strengthen the exchange of such knowledge between countries; and
 - (b) **Implementation level**
 - (i) Upstream strategic engagement: engage strategically with countries and their stakeholders early to support the design and development of their country

- programmes, as well as readiness, project preparation and funding proposals to facilitate access;
- (ii) Strengthen guidelines: strengthen key guidelines on key outputs of the programme, such as country programmes, adaptation planning processes, coordination mechanisms and stakeholder engagement processes to improve the quality of implementation; and
 - (iii) Leverage partnerships: foster complementary partnerships with institutions aligned with the programme's vision and country-driven orientation to channel their expertise to countries requesting technical support for programming and pipeline development.

Work programme by activity areas, funding needs and expected results

5. The revised work programme also focuses on actions to be taken in each of the following five areas of support, including estimates of funds needed for each area totalling USD 125 million:

- (a) **Adaptation planning:** with strengthened guidelines based on experience gained through the review process, the pace of submissions has slowed and the average value reduced with a resulting improvement in quality at entry. As a result, the estimated number of proposals projected to be approved in 2018 has been revised downwards from 40 to 30 and the budget ask from USD 100 million to USD 75 million. Thus, an additional 30 countries would be put on a path to developing robust adaptation planning processes at the national, sectoral and subnational levels, which will ultimately lead to stronger adaptation pipelines over the next two to three years;
- (b) **Strategic frameworks:** initial support focused on enabling around 100 countries to get started on developing their initial country programmes. As 30–40 countries aim to finalize them in 2018, strengthened guidelines and enhanced Secretariat support should enable at least 10 countries to become standard-bearers for their peers. With the initial work under way, countries are looking to strengthen their country programmes and pipelines over time with deeper technical, sectoral, economic and financial analyses. Around 40 countries are estimated to require roughly USD 20 million committed in 2018 to advance these goals over the next two to three years;
- (c) **NDA strengthening:** support for initial country programmes was coupled with support to strengthen NDAs in practically all the 100 countries mentioned above. As a result, 30–40 of them should be finalizing their coordination mechanisms and no objection procedures in 2018. With the initial building blocks set to fall into place for many, some of them are now looking to sustain their NDAs and ensure that they have the requisite capacity to operate effectively over the coming years. Thus, around 40 countries are likely to require USD 20 million committed in 2018 for their NDA offices over the next two to three years;
- (d) **Direct access:** initial support to 26 direct access entities focused on assessing their capacity for accreditation and handholding nearly all of them through the process. With this type of support resulting in 32 direct access entities, demand for such support continues. The focus of support in 2018 is shifting to enable accredited direct access entities to develop their work programme and pipelines, including through training, hands-on support and peer-to-peer exchange, as well as to strengthen their institutional capacities. Around 20 entities are estimated to benefit from additional commitments in 2018 totalling USD 5 million; and
- (e) **Information-sharing:** the structured dialogues regionally and for direct access entities have been the thrust of activities to share information, experiences and knowledge. While this support continues in 2018, initiatives such as hands-on training and support, as well

as forums for NDAs, direct access entities and other sectoral communities of practice are being explored with partners. These dialogues and two to three such initiatives are estimated to cost around USD 5 million in 2018.

6. With roughly USD 65 million carried over at the end of 2017, an additional USD 60 million is needed to deliver the work programme.

Conclusion

7. The plans and initiatives summarized above will enable the Readiness Programme to make a step change in delivering the aspirations and needs of countries, while also enabling a marked improvement in the quality and impact of the programme. Together with initiatives to automate, capacitate, guide, outsource and partner, the Secretariat will also be able to bring major efficiencies to the execution and delivery of the programme.

Introduction

1. Paragraph 40 of the Governing Instrument directs GCF to “provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs [nationally appropriate mitigation actions], NAPs [national adaptation plans], NAPAs [national adaptation programmes of action] and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund.” In related mandates, paragraphs 35 and 38 of the Governing Instrument call for GCF to enable and support capacity-building, and paragraphs 3, 31 and 42 emphasize that GCF should use a “country driven approach”.
2. The Readiness Programme is the primary GCF vehicle for supporting these important mandates. Broadly stated, the Readiness Programme aims to support country ownership and aligned GCF investments by strengthening the institutional capacities of NDAs or focal points (FPs) and direct access entities to enable them to prioritize and oversee the development and implementation of country-driven strategies and low-emission climate-resilient interventions.
3. The Board has taken 12 Readiness Programme related decisions over the last four years. These decisions have shifted the programme’s focus and expanded its coverage. While these changes have been important, they have sometimes led to confusion among stakeholders about which activity areas are supported by the Readiness Programme, and how various components of the programme relate to one another and the evolving GCF framework. Given the programme’s evolution, since the thirteenth meeting of the Board (B.13), the Board has been considering the process and terms for moving forward with an independent evaluation of the programme.
4. At the eighteenth meeting of the Board (B.18), the Secretariat requested a readiness budget of USD 190 million to finance anticipated requests for the rest of 2017 and 2018. Of this total, the Board approved USD 50 million for 2017. Further, in decision B.18/09, the Board requested the Secretariat to conduct an initial review and “present a revised work programme for the Readiness and Preparatory Support Programme, including a request for funding for 2018, for the Board’s consideration at its nineteenth meeting, based on the outcome of the initial review”.
5. Following the adoption of decision B.18/09, the Secretariat commissioned Dalberg to support it in conducting an initial review of the Readiness Programme. The results of the work undertaken by Dalberg, which can be found as addendum I to this document, reinforced many of the messages that the Secretariat had been receiving from stakeholders. The Dalberg report contributes to the Secretariat review of the Readiness Programme and supports the identification of a number of near- and longer-term measures that could be taken to strengthen the programme and its implementation.
6. This document provides a response to the mandate of the Board pursuant the decision B.18/09. It comprises the following two main sections:
 - (a) The first section presents the outcome of the initial review conducted by the Secretariat on the implementation of the Readiness Programme; and
 - (b) The second section introduces the revised work programme of the Readiness Programme considering the outcome of the initial review.
7. This document further presents a request for funding for the 2018 activities that the Secretariat expects to undertake in the five main readiness funding areas.
8. Important contributions to this initial review are the lessons learned by the Secretariat during the three years of implementation of the programme, and the series of immediate

measures undertaken by the Secretariat to address previously identified shortcomings. These relevant inputs to the review are included as annex IV.

9. Many of the recommendations discussed in this initial review and addressed in the revised 2018 work programme are not new, and in some cases the Secretariat had already initiated work toward their implementation. What is new, however, is the evolving programme framework, the insight gained and lessons learned through over three years of operation, and the near-term expectation of new staffing that will enable the Secretariat to better support programme implementation.

I. Initial review of the Readiness and Preparatory Support Programme by the Secretariat

1.1 Readiness and Preparatory Support Programme overview and context

1. The Readiness Programme is critical in allowing a clear majority of developing countries to pursue their transition to low greenhouse gas emission economies and climate-resilient futures. The success of the programme depends on its ability to support the establishment of strong NDAs or FPs, as well as the development of strong country-owned programmes, strategic frameworks and policies. Indeed, these constitute the first essential building blocks to enable countries to develop and meet their nationally determined contributions (NDCs) and contribute to the adaptation and the below 2 °C goal of the United Nations Framework Convention on Climate Change (UNFCCC) and GCF.
2. Country capacity is also essential to enable countries to play a pivotal role in working with accredited entities (AEs), including direct access entities, to build and execute a robust pipeline of high-quality GCF aligned projects designed to help them to meet their climate change goals. In this light, a well-operating readiness and preparatory support programme is sine qua non for the effective operation of GCF. **Without strong country capacity, strong country strategies and strong country participation in pipeline development, the GCF “country-driven” paradigm is only a notion.**
3. Given the importance of the Readiness Programme, the Board began work on developing the programme as early as its second meeting. In seeking to better define the underlying principles of readiness, country ownership and capacity-building, the Board took a number of decisions establishing strategic goals and more specific Readiness Programme parameters. Over time, these strategic goals and programme parameters have shifted in both nuanced and rather significant ways. For example, in the process of revising the indicative list of supportable readiness activities at B.13, the Board de-emphasized pipeline development, an activity area which was initially highlighted as a pillar of the Readiness Programme. This change caused confusion among stakeholders in relation to the connection of this historical programme activity with the newly agreed Project Preparation Facility (PPF) of GCF. Another example relates to the decisions of the Board at its eleventh and thirteenth meetings to have the Readiness Programme provide up to USD 3 million per country to support the formulation of NAPs and/or other adaptation planning processes. These adaptation decisions have led to an important shift in programme emphasis, greatly expanding the outreach needs and funding requirements of the Readiness Programme.
4. In its last articulation of Readiness Programme coverage, the revised indicative list adopted by the Board at B.13 included the following **five primary activity areas**:
 - (a) Establishing and strengthening NDAs or FPs;
 - (b) Information-sharing, experience exchange and learning;
 - (c) Support for accreditation and accredited direct access entities;
 - (d) Strategic frameworks, including the preparation of country programmes; and
 - (e) Formulation of NAPs and/or other adaptation planning processes.
5. Under the activity areas noted above, the revised indicative list also included 25 specific subheadings, among which were items noted as being of great importance by the Board, in the adopted initial strategic plan for GCF. These include identifying aligned programmes and projects and enabling private sector participation.

6. The activity areas and sub-items included in the indicative list reinforce the view that **at its core, the Readiness Programme is an enabling/capacity-building programme** designed to support a wide array of country needs related to their efforts to shift towards low-emission climate-resilient development with the assistance of GCF. In that light, the Readiness Programme should be viewed as a needs-based funding window that can be accessed through funding applications of NDAs/FPs. The Secretariat has supported access to this window through the development of guidance and funding templates, and through presentations on the scope and requirements of the programme.
7. In terms of accessing funding for readiness activities, and prior to the decisions on NAPs and other adaptation planning processes adopted at B.13, the Board at its eighth and twelfth meetings took decisions establishing a framework that envisioned provision of up to USD 1 million per year per country for readiness activities. Consistent with that guidance, up to USD 300,000 per year of that funding could be used for direct support to NDAs/FPs, including items broadly falling under the readiness activity area titled “establishing and strengthening NDAs or FPs”. If the USD 300,000 were fully utilized for this direct NDA/FP support, this allocation would leave up to USD 700,000 per year to provide support for NDA/FP needs falling under the remaining non-adaptation planning related activity areas of the indicative list, including strategic frameworks (including country programmes), support for direct access entities and information-sharing and learning.
8. If all eligible countries requested the maximum assistance allowed under the agreed framework, the Readiness Programme would be providing up to USD 144 million per year for non-adaptation planning/NAP support. In practice however, while rising rapidly, readiness requests have totalled about a third of that level. As at 31 January 2018, aggregate readiness approvals totalled some USD 71 million while aggregate programme disbursements since inception (including for formulation of NAPs and/or other adaptation planning processes) topped USD 15 million as at 2 February 2018. The difference between approval and disbursement values reflect the required time for some countries to conclude grant agreements after approval, the tranching nature of funding pursuant to agreed disbursement schedules and progress reporting. Disbursed non-adaptation planning related readiness funding has focused primarily on achieving three key baseline results: developing no objection procedures, supporting accreditation for direct access entities, and engaging country stakeholders in national dialogues, often with a view to developing country programmes.
9. In addition to the USD 1 million per country per year for the readiness components described above, the programme is also charged with providing up to USD 3 million per country for adaptation-related planning for the formulation of NAPs and/or other adaptation planning processes. While readiness support for adaptation planning is relatively new, requests have been coming in at a fast pace in recent months, and at B.18, the Readiness Programme requested funding of USD 100 million for 2018 to fund approval of an estimated 40 adaptation planning requests. Given the USD 3 million per country funding limit, adaptation planning related funding is expected to represent a significant part of readiness requests over the next few years.
10. In terms of readiness programme administration, over its three years of operation, both the substantive and administrative requirements for the submission, review and approval of readiness proposals have been streamlined to accelerate the provision of essential support and ensure that requirements imposed for accountability do not unnecessarily stifle the ability of NDAs/FPs and delivery partners to tap readiness resources. Related changes have included a streamlining of readiness application templates and the development of a grant agreement approach which requires less information, consistent with the urgent nature of the Readiness Programme.

11. In terms of staffing, since mid-2017 the management of the Readiness Programme has been supported by the equivalent of 1.5 full-time staff devoted to managing the process for the review and approval of readiness activities focused on adaptation planning, and an additional 1 staff member dedicated to coordinating review and reporting on other readiness activities. This does not include the members of the Secretariat's Portfolio Management Unit, who monitor implementation, the Country Dialogue Specialists, who liaise directly with the NDAs/FPs, or the substantial aggregate time spent by the Office of General Counsel (OGC) and a host of individual Secretariat members, who participate in a cross-divisional Readiness Working Group that reviews proposals. Finally, a portion of the time of eight part-time regional consultants, equivalent to five full-time equivalent (FTE) employees, support the programme and, working together with the five Country Dialogue Specialists and other Secretariat staff, help in facilitating regionally based structured dialogues.

1.2 Current implementation state of the Readiness and Preparatory Support Programme

12. The consistent progress reports of the Readiness Programme submitted to the Board for consideration have outlined the evolution of the programme since its inception, indicating a trend of increasing and constantly high demand from developing countries. By engaging to date with 124 countries, representing 86 per cent of the countries that have communicated their initial designations of NDA/FP to GCF, the Readiness Programme is set to become the largest global support programme made available to developing countries to enhance access to climate finance in support of their efforts to combat climate change.

13. During this initial stage of the Readiness Programme, the commitment of more than 62 per cent of the USD 130 million allocated to the programme enables the provision of support on its essential components.

14. Fifty per cent of the committed resources are used to support institutional capacity-building for climate actions and the development of country programmes in 124 developing countries. This support has been reportedly useful in:

- (a) Kick-starting the institutionalization of strong NDAs that would effectively coordinate across government ministries;
- (b) The establishment of procedures for comprehensive and participatory approaches in developing initial country programmes;
- (c) The prioritization of project/programme pipelines to be submitted for GCF consideration; and
- (d) In a few cases, initiating reflections to adopt a long-term, strategic approach to readiness activities.

15. Twelve per cent of the committed resources have been utilized to support the development of key building blocks of the strategic frameworks necessary to drive national agenda for enhanced mitigation and adaptation actions, including:

- (a) Identification, prioritization and formulation of projects ideas;
- (b) Formulation of concept notes showing innovation and ambition; and
- (c) Formulation of implementation or resource mobilization strategies, including private sector engagement strategies.

16. Eight per cent were allocated to addressing the immediate needs in support of national and regional entities, including:

- (a) Meeting fiduciary requirements of GCF accreditation;
- (b) Building their pipeline of potential projects; and
- (c) Developing and submitting these projects to the GCF and other climate funds.

17. An expected significantly increasing share of these resources targets the support provided to countries to formulate their medium- and long-term adaptation planning processes in developing countries. Currently, 30 per cent of the committed readiness resources are for the formulation of NAPs and/or other adaptation planning processes. Since B.18, slightly over 50 per cent of approved readiness resources have been for adaptation planning, a trend that is expected to continue for the duration of 2018.

18. The initial review, as presented in the following section, indicates that these resources have been allocated to address initial and fundamental needs in developing countries that are perceived as prerequisites not only for their effective engagement with GCF but also to promote the expected paradigm shift consistent with the objectives of GCF. However, it is also clear from the analyses conducted that greater efforts will be required to ensure that the programme fully achieves its objectives in a manner that builds longer-term and sustainable in-country capacity.

19. Considering the number of countries that have already benefited from initial support from the Readiness Programme, the Secretariat is expecting to reach, by the end of 2018, almost global coverage of developing countries that would have received the initial baseline support referred to in paragraph 29 above. Along with this, there is clearly a need to ensure that the programme evolves towards its 'second generation' by early 2019. While maintaining the baseline type of support, this second generation of the Readiness Programme would allow it to dive deep and systematically address more complex issues that are required at the national level to enable the paradigm shift promoted by GCF. Such change will maximize the opportunity offered to countries to access GCF resources.

20. The evolution of the Readiness Programme was already foreseen at its launch and is in accordance with decision B.05/14, which adopts the scope for the Readiness Programme; it notes in paragraph (d)(i) that the scope of readiness and preparatory support could evolve over time and be tailored to address countries' specific circumstances. The Secretariat has initiated discussions, including at the senior management level, to define core elements and key features that would characterize the future evolution of the Readiness Programme. This second generation Readiness Programme would inform the preparation of the Secretariat work programme for 2019. The Secretariat will present to the Board at its twenty-first meeting a clearer vision of how to best address the increasingly ambitious needs of countries and entities.

1.3 Outcomes of the Secretariat’s initial review

21. This section introduces a summary of key findings against seven identified review criteria: (i) the significance of the overall Readiness Programme; (ii) its relevance; (iii) the appropriateness of its design framework; (iv) its effectiveness; (v) the efficiency of the Readiness Programme’s implementation, including consideration of the adequacy of budget and timelines for implementation; (vi) its impact; and (vii) its sustainability. This is followed by section 1.4 on initial solutions being implemented and reflections on further solutions to improve the design and implementation of the Readiness Programme. Section 1.5 presents the Secretariat’s considerations of the recommendations from the independent analysis conducted by Dalberg, which constituted an important input to the Secretariat’s initial review.

22. Table 1 summarizes the Secretariat’s review of the Readiness Programme and its challenges, synthesizing inputs from all the sources considered. The detailed approach and methods applied by the Secretariat in undertaking its initial review is presented in annex III.

Table 1: Analysis of the Readiness and Preparatory Support Programme against seven criteria

<p>Significance <i>Extent to which the programme addresses important problems or critical barriers to low-emission and climate-resilient development</i></p>	<p>Analyses by the Secretariat, as well as other reports and stakeholders’ views considered in this initial review, collectively reiterate the strategic importance of the Readiness Programme. They reinforce the initial assumptions that without the type of support offered by the Readiness Programme, developing countries are not able to effectively and directly access funding. These analyses also noted the increasing demand of countries for readiness support. All countries and stakeholders underlined the need for sustained support to build on the activities and achievements reached under the Readiness Programme activity areas</p>
<p>Relevance <i>Extent to which the objectives of proposed interventions are consistent with beneficiaries’ requirements, country needs and global priorities</i></p>	<p>Activities supported by the Readiness Programme are relevant in advancing countries’ low-emission and climate-resilient agendas Countries have indicated that they particularly value the opportunity to access resources from the Readiness Programme in order to develop a pipeline of projects, including the identification of project ideas and the design of concept notes for the most ambitious projects and programmes. There is a strong and consistent call from countries for sustained support, including through multi-year readiness programming to enable better planning and coordination and more efficient stakeholder engagement in the design and implementation of readiness activities</p> <p>Information assessed by the Secretariat in the undertaking of this initial review relay positive experiences confirming that the Readiness Programme has strengthened momentum in countries for collaboration on climate actions. This is being achieved through the programme’s support for coordination mechanisms, building on structures already existing in countries, and support for the engagement of various stakeholders, including from government, academia, civil society, international cooperation partners and the private sector</p>
<p>Effectiveness <i>Extent to which the intervention’s intended outcomes, i.e. its specific objectives</i></p>	<p>Countries frequently convey a desire for more active engagement and support with the Secretariat and its partners in designing strategic and high-quality proposals to access GCF readiness funding, particularly with national readiness delivery partners, with a view to helping them to access larger-scale resources for priority</p>

<p><i>and intermediate results, have been achieved.</i></p>	<p>projects and programmes from GCF and other complementary sources of climate financing</p> <p>The analysis also revealed the urgent need to ensure the proposals from countries to the Readiness Programme are better informed by a robust needs assessment to ensure that the programme is effective in supporting the activities that are likely to have the highest impacts. To enhance effectiveness, it is also important to ensure that support for GCF readiness activities strengthen the holistic national system, in particular sectors and actors that are the most pertinent to drive the climate change agenda. Further attention should be given to private sector actors, given their importance in contributing to climate finance and investment flows in the real economy</p> <p>The analysis further indicates that the Readiness Programmes is missing a number of important elements that will facilitate the review of its effectiveness (e.g. a cohesive definition of the programme’s objectives, an agreed upfront framework, etc.)</p> <p>It also raises questions about the effectiveness of the programme in delivering long-term results at the country level, and about the capacity of the countries themselves to deliver on the strategic frameworks and programmes resulting from the implementation of readiness activities</p>
<p><i>Appropriateness Extent to which activities and inputs are tailored to local needs, increasing ownership, accountability and cost-effectiveness accordingly</i></p>	<p>While the funding available from the Readiness Programme seems adequate for most countries accessing the programme, challenges remain in countries’ ability/capacity to maximize the opportunity offered by the programme. While the application procedures have been deemed complex and lengthy (sometimes perceived disproportionate to the amount of funding requested), some countries also recognize the rationale of such requirements and have reported that these have pushed them to become more strategic</p> <p>Another element that requires further attention and work from the Secretariat is the guidance given on procedural and content-related matters, which is considered insufficient</p> <p>A further challenge of the Readiness Programme to be addressed relates to gaps in country ownership, particularly when NDAs/FPs work with large readiness delivery partners who, in some instances, are not perceived to engage sufficiently with NDAs/FPs, either at the origination of a readiness support request, or during the implementation of readiness support activities</p> <p>Other relevant challenges include (i) reported high transaction costs involved in applying for Readiness Programme funding and perceived as a barrier for some countries; (ii) more handholding approaches requested from countries facing stronger capacity gaps; and (iii) language barriers for non-anglophone countries that report struggling with English-only submission requirements</p>
<p><i>Efficiency A measure of how economically resources/inputs (funds, expertise, time, etc.) are</i></p>	<p><i>Time efficiency:</i> as mentioned above, the initial review indicates that there is room to considerably reduce time invested by countries in accessing the readiness resources. Improvements must, however, occur at several levels, as overall turnaround times also depend on the swiftness of the interaction between countries and delivery partners</p>

<p><i>converted to results</i></p>	<p><i>Financial resources efficiency:</i> the initial review analysis revealed room for streamlining and further improvement in ensuring better synergy and complementarity between different activities funded by the Readiness Programme (e.g. coordination mechanisms and consultations funded under adaptation planning support and under other types of readiness support), as well as by ensuring better interlinkages between some of the readiness activities and outcomes</p> <p><i>Communication efficiency from and within the Secretariat:</i> greater clarity from the Secretariat is required in communicating expectations and guidance to NDAs/FPs and their readiness delivery partners. Moreover, stronger coordination is needed within the Secretariat to avoid conflicting advice given by different staff members and consultants, especially given the rapid growth of the team. Additionally, continued improvement in the speed and consistency of comments on readiness proposal submissions is important. It is useful to note that communication challenges are exacerbated in the context of the relatively high turnover in staff and growth of the Secretariat</p>
<p>Impact <i>The positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended</i></p>	<p>Impact has been observed in the strengthened capacity of countries to access and deploy climate finance, including from GCF. For example, readiness support is strengthening countries' organizational capacities, including internal auditing processes, production of climate information for investment-related decision-making and knowledge management systems, ultimately leading to the development of a robust pipeline of projects and programmes</p> <p>Some countries and partners indicated that the involvement of the private sector in climate-related activities occurred for the first time during the implementation of the Readiness Programme activities</p> <p>However, potential impact may be inhibited owing to the short-term view of the Readiness Programme that is not grounded in needs-based approaches, the lack of effective interaction between stakeholders, the limited amount of technical assistance, the high transaction costs and the limited sharing of knowledge and experiences. Structured dialogues are perceived to be too infrequent and too focused on processes rather than on providing guidance on GCF-targeted applications</p>
<p>Sustainability <i>The continuity of benefits from an intervention after major assistance has been completed. The probability of long-term benefits. The resilience to risk of the net benefit flows over time</i></p>	<p>Ensuring the longer-term sustainability of the Readiness Programme is required to (i) identify and fund new areas of relevant readiness activities, including support for implementation strategies towards the achievement of the targets associated with nationally determined contributions; (ii) address the issue of reliance on the use of external consultants, who leave the readiness grantee organizations when their related contracts come to an end, hence limiting the extent to which long-lasting capacity-building in the readiness grantee can be delivered; and (iii) mobilize additional and complementary resources to support long-term readiness needs, including at the national level</p>

23. In conclusion, even though the requirements of GCF funding add substantial rigour to many aspects of the implementation of climate actions, it is assumed that countries will further strengthen institutions, the technical aspects of vulnerability, risk and impact analyses, mitigation and emissions reduction scenarios, prioritization of measures, market development and multi-sectoral collaboration for the creation of synergies, among others.

24. In general, readiness activities have improved countries' understanding of the GCF processes, requirements and general working mode, which will be beneficial for future access to GCF. They have also raised the interest of stakeholders in becoming involved in developing and implementing GCF funding proposals. Countries reported that the successful access of readiness funding has attracted offers of support from international accredited entities for future GCF funding proposals.

25. Despite this progress, expectations regarding country ownership have in many cases not yet been fully fulfilled. Being able to access GCF directly remained a high priority for many countries but many of them admitted that they still lacked the required national capacity. Provision of further GCF guidance and technical assistance has been revealed to be relevant, in particular in the case of countries with limited capacities. The Secretariat will continue to improve on procedures to facilitate access, expedite resource allocation, successfully monitor implementation and ensure better communication.

1.4 Solutions to strengthen the design and implementation of the Readiness and Preparatory Support Programme

26. Building on the four underlying review questions presented in the methodology in annex III, the Secretariat has initiated a reflection on short- and longer-terms solutions to improve the design and implementation of the Readiness Programme. These solutions – which build from the Secretariat's analyses presented above and in annex II, and from the "Secretariat considerations on Dalberg's independent analysis" presented in section 1.5 – inform the revised 2018 work programme and budget request detailed in chapter II.

27. Tables 2 and 3 articulate solution areas in the design and implementation of the Readiness Programme, corresponding actions that have already been initiated and further actions planned for implementation during the remainder of 2018. The development of these strategic actions is one of the key recommendations of the internal audit of the Division of Country Programming (DCP). Envisaged as a three-year country engagement strategy with an annual rolling action plan, it is expected to be developed by September 2018.

Table 2: Design-level solution areas, actions already being taken and additional actions under consideration

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
Strengthen the clarity of the outcomes and specific activity areas supported by the Readiness and Preparatory Support Programme (Readiness Programme), and the quality of associated guidance provided to countries for accessing this support	<ul style="list-style-type: none"> • Advanced the draft articulation of a clearer theory of change of the Readiness Programme, which has benefited from the Dalberg analysis, and with advanced discussion across the Secretariat • Articulated transparent review criteria of readiness proposals for national adaptation plans (NAPs) and/or other adaptation planning processes, to strengthen the quality of proposals and efficiency of their review. These review criteria draw from learning gained through proposals to date and suggest an indicative 	<ul style="list-style-type: none"> • Complete elaboration of a clear theory of change for the Readiness Programme, which will support the Secretariat's effort to more coherently describe the specific activities envisaged to be supported by the programme. The theory of change will describe how each of these activities and their outputs can contribute to the broader outcomes and objectives of GCF readiness, as relevant to the specific needs of each country and always consistent with a country-driven approach • Strengthen guidance to NDAs/FPs, their readiness delivery partners and support organizations, and

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
	<p>set of good practices to achieve the criteria</p> <ul style="list-style-type: none"> • Proactively disseminating these review criteria and indicative good practices with national designated authorities (NDAs)/focal points (FPs) as well as their current and potential readiness delivery partners, through a full day technical clinic on the margins of the twenty-third session of the Conference of the Parties (COP 23) to the United Nations Framework Convention on Climate Change (UNFCCC), as well as numerous in-person workshops and webinars in partnership with the UNFCCC secretariat, the Adaptation Committee, and the Least Developed Countries Expert Group, and technical support initiatives such as the NAP Global Support Programme and the NAP Global Network • Providing direct in-person and off-site communication with an increasing number of NDAs/FPs and their current and potential readiness delivery partners, as current Secretariat capacity permits 	<p>codify guidance in an updated readiness guidebook, including:</p> <ul style="list-style-type: none"> ○ More detailed descriptions of expected outcomes for all indicated readiness support areas, as well as indicative desirable outputs for each outcome ○ Better guidance for countries to consider the time dimension in the definition of their readiness goals, improving their planning/sequencing of shorter-, medium- and longer-term expected outcomes, targets and indicators <ul style="list-style-type: none"> • Indicate ways in which each of the proposed components of the Readiness Programme is expected to contribute to the attainment of the overall readiness framework and GCF objectives, following a country-driven approach • Define review criteria for readiness proposals related to all activity areas of the Readiness Programme, drawing from those defined for NAPs and/or other adaptation planning processes • Actively disseminate the updated guidance, including review criteria and indicative good practices, for all areas of readiness with NDAs/FPs and current and potential readiness delivery partners
<p>Enhance coherence and enable long-term planning for readiness support with other relevant support initiatives</p>	<ul style="list-style-type: none"> • Specific areas of immediate coordination are being identified with other multilateral climate funds to ensure coherence and complementarity of readiness support 	<ul style="list-style-type: none"> • Where appropriate, move from an ad hoc approach to readiness towards a multi-year planning of readiness resources • Strengthen alignment of climate change readiness with the broader developmental agenda, including: nationally determined contribution update and implementation, countries' other obligations under the Paris Agreement, the Sustainable Development Goals, national green growth agenda, etc. The strengthened alignment is expected to be achieved by the Secretariat in collaboration with relevant support partners, as appropriate for each country's context and based on a country-led approach

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
		<ul style="list-style-type: none"> Strengthen coordination to ensure coherence and complementarity of readiness activities with other multilateral climate funds, including for adaptation planning. Such coordination may consider the sharing of new and approved readiness proposals between relevant institutions to identify synergies and ensure avoidance of duplication
Optimize resources allocation	<ul style="list-style-type: none"> In the reviews of readiness proposals, the Secretariat requests countries to highlight/demonstrate synergies and complementarity in the use of readiness resources provided by the GCF and other donors Many countries are being encouraged to adopt a phased approach in accessing readiness resources for national adaptation planning and other adaptation planning processes 	<ul style="list-style-type: none"> Improve guidance about the possible alignment of, and interlinkages between, the outcome indicators within different streams of GCF readiness funding, with a view to optimizing the allocation of readiness resources (e.g. improving synergies between non-adaptation planning readiness proposals and the significant resources to be allocated to adaptation planning proposals – examples include: support for in-country coordination mechanisms, stakeholder consultations, etc.) Explore ways through which revisions to the readiness framework, stemming from the elaboration of the theory of change, could be used to re-assess and prioritize needs for better resources attribution
Improve the scoring of readiness proposal targets and indicators	<ul style="list-style-type: none"> Further guidance has been included in the readiness guidebook about ways to assess current baselines, including clarification about expected outputs and outcomes, and about the request for the readiness proposal to include a Gantt chart (or similar) to enable more effective monitoring of the implementation of readiness activities 	<ul style="list-style-type: none"> Improve tracking of performance and comparability, including by strengthening the objectivity of the scoring method utilized in the current readiness framework Consider the use of country-specific indicators in complementarity with the broader list of outcomes and sub-outcomes currently used Consideration of the involvement at specific points of third-party evaluation of the progress achieved
Prioritize funding	<ul style="list-style-type: none"> The Secretariat has been providing clear guidance to countries to build strong synergies with existing readiness initiatives in-country and to ensure that GCF readiness 	<ul style="list-style-type: none"> Develop solutions to address the findings of the initial review which indicate urgency of readiness support in particular areas (e.g. more robust technical analysis and assessments to underpin country programming exercises,

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
	resources bring demonstrated added value	<p>prioritization of projects, project idea notes and concepts)</p> <ul style="list-style-type: none"> ▪ As presented above, strengthen guidance to countries to ensure that readiness support is strongly tailored to the attainment of clear objectives and targets set at the national level, while also contributing to the achievement of the overall readiness framework and GCF objectives ▪ For the least developed countries, and where funding is needed for these purposes, develop solutions to ensure that dedicated support is available to help them to better identify their priorities
Improve focus and increase the extent of knowledge management and sharing	<ul style="list-style-type: none"> • The Secretariat has developed portals for NDAs/FPs and accredited entities designed to provide them with a one-stop shop on their engagement with GCF. The portals will give NDAs/FPs visibility about the projects that accredited entities submit to the Secretariat, which will be readily visible by the NDA/FP, responding to a demand for this information to be more rapidly accessible • The Secretariat has developed the Direct Climate Action Platform (DCAP), a global online platform for institutions and experts from across the world to exchange knowledge, share technical expertise and foster capacity-building. DCAP was introduced during COP 23 in the GCF side event “Day of direct access entities”, inviting all types of institutions to partner and to join the effort to mobilize capacities and information through this initiative • The review criteria and associated good practices defined for NAPs and/or other adaptation planning processes are creating a coherent framework for focusing knowledge-sharing based on key 	<ul style="list-style-type: none"> ▪ Tap the existing significant potential to strengthen knowledge management and sharing among countries for effective use of readiness resources, including through good practices and country successes ▪ Enhance the focus and grounding of knowledge generation and support for readiness by focusing directly on the specific activities and outputs determined as crucial to achieve the objectives defined in the theory of change mentioned above (thereby enhancing knowledge development and sharing)

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
	<p>elements of high-quality proposals poised to generate an impact to catalyse action and investment in adaptation</p> <ul style="list-style-type: none"> • The set of GCF structured dialogues being prepared for 2018 all have significant elements of knowledge-sharing among countries, their readiness delivery partners and accredited entities 	

Table 3: Implementation-level solution areas, actions already being taken and additional actions under consideration

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
<p>Increase support to national designated authorities (NDAs)/focal points (FPs) and national readiness delivery partners to strengthen design of their readiness proposals</p>	<ul style="list-style-type: none"> • Secretariat developed strategy for up-stream enhanced engagement in 20–30 countries in 2018 • Additional Secretariat capacity to provide up-stream support to NDAs/FPs and the national readiness delivery partners that they select to design high-quality proposals for national adaptation plans (NAPs) and/or other adaptation planning processes, by drawing on the expertise of a small set of off-site technical specialists with regional contextual expertise who can be deployed in-country upon request of the NDA/FP 	<ul style="list-style-type: none"> • Continue to increase Secretariat capacity to provide up-stream support to NDAs and the national readiness delivery partners
<p>Expedite GCF readiness proposal elaboration, review and approval processes</p>	<ul style="list-style-type: none"> • Automation of the entire readiness proposal review process (automated processes are being tested within the Secretariat), and increase in the number of Secretariat staff members involved both in the review of the readiness proposals and in their approval and grant disbursement processes • The Secretariat is retaining the United Nations Office for Project Services (UNOPS) to provide 	<ul style="list-style-type: none"> • Update and simplify the templates of the readiness proposal, progress report and final report, to align with the revised and improved readiness guidebook • Improve integration and updating of the part-time GCF regional advisors who are based outside of Songdo and closer to the NDAs/FPs, by increasing the frequency and thoroughness of orientation and updating meetings with them, thereby ensuring better coordination

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
	<p>grant administration support for the portfolio of readiness grants implemented directly by NDAs/FPs or their local/regional delivery partners. The scope of services includes financial management capacity assessment pre-approval, legal arrangements post-approval, monitoring and disbursements, and completion procedures. The Secretariat is working to ensure a smooth transition of these grants to UNOPS in 2018</p> <ul style="list-style-type: none"> Updated the review process of readiness proposals for NAPs and/or other adaptation planning processes so that technical specialists of all relevant Secretariat divisions review and comment prior to their presentation to the internal committee who considers their endorsement for final approval. This has had the effect of improving efficiency by eliminating cases of providing entirely new or differing comments to NDAs at different stages of the process 	<p>and consistency of communication with countries</p> <ul style="list-style-type: none"> Clarify guidance and articulation of GCF readiness support for institutional strengthening of national climate change coordination functions, including planning of the annual NDA strengthening resources allocation Update the review system for non-adaptation planning proposals, building on the experience gained with the review system for adaptation planning proposals, to reduce the potential for new or differing comments to NDAs/FPs at different stages of the review by gaining interdivisional inputs earlier in the process Develop Secretariat risk guidelines for the Readiness and Preparatory Support Programme (Readiness Programme)
Strengthen support for NDA/FP designation	<ul style="list-style-type: none"> The Secretariat actively promotes the approved initial best practice guidelines for the selection and establishment of NDAs and FPs, and shares good practice guidance on NDA designation and stakeholders' consultations 	<ul style="list-style-type: none"> Develop a comprehensive country engagement strategy in 2018 for the period 2019–2021 to be implemented by the Division of Country Programming. This strategy will address in a comprehensive manner key issues related to implementation. The strategy will be based on relevant policies and decisions adopted by the Board on country engagement, and operationalized through annual action plans
Address high demand for accreditation of direct access entities (DAEs) and the need to support them in accessing GCF resources	<ul style="list-style-type: none"> Increased Secretariat capacity to provide up-stream support to DAEs to design high-quality concept notes and associated requests for project preparation support from the Project Preparation Facility, by drawing on the expertise of a small set of off-site technical specialists with regional contextual expertise who can be deployed in-country 	<ul style="list-style-type: none"> While pursuing efforts to support direct access entities in their accreditation process, the Secretariat is considering ways to expand the focus of using readiness funds to build the capacity of national entities beyond this sole objective of becoming accredited, in order to also provide support to a broader category of national and regional entities to take advantage of the

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
	<p>upon request of the DAE and NDA/FP</p> <ul style="list-style-type: none"> • Thematic-focused partnerships are being developed with leading institutions in their respective sectors of climate action. The objective of these partnerships is to support DAEs during the early stage development of project ideas and concept notes, as well as project preparation support to develop the concepts into successful funding proposals. Initial progress is currently being made with partners focused on agriculture and landscape management, infrastructure and water management 	<p>many other ways of engaging with the NDA/FP and the GCF. These include serving in the capacity of delivery partners for the readiness funding, the third party in readiness grant agreements implementation, potential executing entities or partners to support the implementation of GCF funded activities, etc. Promoting a staged approach to accreditation was revealed by experience to be efficient and more engaging for prospective accreditation candidates, especially with those entities that met international fiduciary standards and lack some policies. Some of them have seen the advantage of initiating an early experience with the GCF and strengthen collaboration with NDAs/FPs by serving first as a delivery partner for readiness or executing entities as first steps while pursuing their progress towards approval of their accreditation application</p> <ul style="list-style-type: none"> • Provide specific support and guidelines targeted to help regional organizations • Encourage and promote the development of partnership between delivery partner, NDA/FP and climate change centres of excellence. These issues will also be considered in a comprehensive manner in the country engagement strategy
<p>Improve quality and ambition of countries' strategic frameworks for addressing climate change</p>	<ul style="list-style-type: none"> • An initial template and guiding questions have been provided for the preparation of country programmes 	<ul style="list-style-type: none"> • Develop and deliver technical assistance/advisory services to facilitate countries' access to GCF by, upon their request, helping them to develop high-quality proposals that match both their national priorities and the objectives of GCF, and supporting their overall efforts to promote low-emission and climate-resilient development. Country programmes, particularly, should be underpinned by robust and comprehensive diagnostic and technical analysis to help countries to identify priorities that will really add value • Enhance support to countries' strategic use of readiness resources

Solution areas	Actions initiated	Additional actions under consideration for implementation in 2018
		<p>to develop climate change specific knowledge and skills, especially in countries where existing capacities are considered inadequate</p> <ul style="list-style-type: none"> • Encourage future readiness requests to be supported by more comprehensive diagnostic, scoring and gap analysis, including underpinning rationale with research, data collection, sample size and characteristics, analytic methods and evidence-based approaches • Strengthen countries' understanding of GCF objectives, where necessary, to promote better utilization of the Readiness Programme in support of the targets set at the country level, while ensuring alignment with the GCF mandate. These considerations will also be addressed in a comprehensive manner in the country engagement strategy • Support should also address the lack of understanding of the requirements associated with designing proposals of high quality (requirements for project readiness, fulfilling GCF investment criteria and supporting ambition) • Build a roster of skilled individuals and potential institutional partners in climate change relevant areas for reference by NDAs/FPs and their readiness delivery partners • Further engage with countries to identify concrete and dedicated activities to attract the private sector and mobilize their resources to support climate actions

1.5 Secretariat considerations on Dalberg's independent analysis

28. As noted in paragraph 12 above, following B.18, the Secretariat commissioned Dalberg to support it in conducting an initial analysis of the Readiness Programme. A series of recommendations has been provided by Dalberg to the Secretariat to improve the quality of the Readiness Programme at all levels.

29. This section lists the recommendations made by Dalberg, each of which is followed by Secretariat considerations, including plans to address related matters during 2018 and beyond, as appropriate.

30. **Recommendation 1:** develop a theory of change for the Readiness Programme, which clearly articulates the activity areas, outputs, outcomes and vision of the programme.

31. While a series of Board decisions have, over time, articulated various priorities for the Readiness Programme, it is both valuable and essential for the Secretariat to articulate a clear explanation of how the Readiness Programme and its component parts should work together with countries and the broader GCF framework to achieve the goals of GCF. Towards that end, the Secretariat is working to develop a new and clearer theory of change for the Readiness Programme, which is expected to be detailed further and finalized in advance of the twentieth meeting of the Board. When complete, this important document will articulate a unifying programme vision and more clearly define the components or 'pillars' within which readiness activities will be funded. It will also specify the outputs within each pillar that are expected to be supported and achieved within each component, and describe how these outputs will support broader outcomes and objectives of the programme as relevant to the specific needs identified by each country. In doing so, the theory of change will provide NDAs with greater clarity on the specific outputs and associated activities for which they seek financial support through the Readiness Programme.

32. A clearer theory of change will also provide greater focus and coherence of support by the Secretariat and partners for the management and transfer of knowledge based on good practice and countries' experience for achieving the specific outputs and pillars defined as crucial for achieving the outcomes and objectives of the Readiness Programme. Furthermore, the theory of change will enable clearer definition of key performance indicators that can be used to support monitoring and evaluation of the Readiness Programme, the importance and the difficulty of which should not be understated. While the GCF must be able to demonstrate the effective utilization of funds, the success of that utilization in readiness is also country dependent. Therefore, it is likely that individual requests for funding will need to include clearer descriptions of baseline conditions and potential new targets as well as the agreed methods and criteria for evaluating progress.

33. While the framing of strategic goals may be refined over the course of the development of the theory of change, the Secretariat is currently working based on the following unifying vision for the Readiness Programme: the Readiness Programme aims to support country ownership and align GCF investments by strengthening the human and institutional capacities of NDAs or FPs and direct access entities to enable them to work with stakeholders, partners and donors to prioritize and oversee the development and implementation of country-driven strategies and low-emission climate-resilient interventions.

34. In addition, the Secretariat is currently working based on the narrative for programme coherence set out in paragraph below.

35. Many GCF stakeholders have discussed readiness support in terms of a stepwise journey, where certain activities help to build NDA and direct access entity capacity and a strong foundation to enable them to more effectively lead increasingly complex preparatory

processes. This journey metaphor supports a useful framework for describing the integrated operation of the Readiness Programme and its five major activity areas. Specifically, it suggests that readiness support will in many cases be needed first in the activity area calling for the establishment and strengthening of the NDA/FP. Indeed, a lot is expected from an NDA in the GCF country-driven approach. To be effective, NDAs must have the capacity to engage with a full range of stakeholders and partners, including the private sector, in order to develop national strategies and prioritize a GCF-aligned project pipeline that will support a paradigm shift towards low-emission and climate-resilient development. They must also be capable of participating in project/programme development and implementation.

36. Without a strong, well-placed NDA/FP with competent staff and the technical support to perform these and other key functions, it would be difficult for an NDA to implement a country-driven approach. Therefore, **the framework agreed by the Board recognizes the prime importance of establishing and building the capacity of NDAs/FPs by providing up to USD 300,000 per country each year to enable the building and maintenance of related capacity.** Related institutional strengthening support should be based on the needs of each country, packaged and provided in a predictable and sustained manner to ensure that NDAs have the consistent capacity necessary to be active participants in the full range of policy and programmatic work that is essential to implementing their specific country-driven approach.

37. Having a well-placed NDA with competent staff on the ground is, however, only the start. In order to serve as a national focal point for GCF support to both government and private sector efforts, the NDA needs a very strong understanding of the operation and evolving requirements of GCF and the key underlying issues that will form the basis of country and GCF planning. Consequently, and concurrent with the development of its institutional capacity, the NDA must receive, integrate and then undertake outreach related to a continuous flow of information on both the operation of GCF and the state of the art in transformational climate interventions. This information can come from a variety of sources, including GCF, technical and sectoral experts, both development and climate change practitioners, and from NDA colleagues in other countries. Facilitation of related tasks can be supported by readiness work under the readiness activity area relating to “information sharing, experience exchange and learning”.

38. One final aspect of national institutional capacity relates to the global understanding that while international organizations have an important role to play in supporting climate action, climate change cannot be addressed through the work of those entities alone. National institutions and private sector entities must take a leading role in developing, mainstreaming and operationalizing low-emission and climate-resilient pathways. As a consequence, support from the activity area “accreditation and the ongoing operation of direct access entities” is of vital importance. GCF will need to continue the ongoing institutional strengthening of direct access entities to help to build both national expertise and national climate finance infrastructure, thereby enabling them to take on a larger role over time.

39. The journey metaphor suggests that as national human and institutional capacity grows, it will create an increasingly strong foundation for country-driven NDA efforts to coordinate the development of more complex national efforts, including country programmes, low greenhouse gas emission and climate-resilient development strategies and action plans, including NAPs. It will also be essential in helping countries to identify and prioritize programmes and projects that advance national priorities and align with the results management framework of the GCF. Funding through the readiness activity areas “strategic frameworks, including the preparation of country programmes” and “processes for adaptation planning including NAPs” is designed to help countries to take a leading role in developing these strategies.

40. While the narrative above suggests a serial path for support, an individual country’s readiness journey and its access to specific **readiness support is likely to vary, depending on**

the country's specific needs. That said, it should culminate in an ability to catalyse a range of actions and investments that address climate change adaptation and mitigation priorities owned by the country, including but not exclusively with the support of GCF.

41. Expected implementation time frame: the Secretariat expects to finalize the terms of the theory of change before the twentieth meeting of the Board.
42. Secretariat considerations to recommendations 2, 3, 7 and 10 are as follows:
 - (a) **Recommendation 2**: clearly communicate and promote flexibility in the scope of activities supported by the programme, and encourage countries to leverage the flexibility intended by the programme to help to strengthen needs-based approaches;
 - (b) **Recommendation 3**: enable long-term, strategic approaches to readiness by supporting robust gap assessments and/or providing more flexible funding. Gap assessments could help to identify specific climate finance readiness needs and inform the development of strategic plans for how GCF readiness support can address these, while more flexible GCF readiness funding over multiple years could provide countries with an ability to plan readiness activities over a longer-term horizon and have increased certainty over future budgets;
 - (c) **Recommendation 7**: strengthen the available capacity of technical experts at the national level to deliver readiness activities; and
 - (d) **Recommendation 10**: enhance communications and ensure that clear, consistent guidance and assessment criteria are available in multiple languages, to support countries in efficiently developing high-quality proposals.
43. In the initial programme review, it was noted that some stakeholders were unsure whether readiness support was limited to the items included in the revised indicative list approved at B.13. In that regard, the Secretariat intends to issue updated programme guidance shortly after the finalization of the new theory of change. This new guidance will cover many important issues raised by stakeholders and touched on in the initial programme review. Specifically, it will make it clear that the "Indicative list of activities to be included in the Readiness Programme" adopted at B.13 is, as its name implies, just exemplary and not exhaustive. Accordingly, if countries demonstrate related needs and present a monitorable budget and plan designed to meet those needs, consideration could be given to supporting activities not specifically included in the indicative list. Consistent with that understanding, the Secretariat also agrees that it would be useful to highlight that readiness gap assessments are supportable, and that related assistance should be available to support NDA efforts to prepare a well thought out plan and application for addressing the gaps identified.
44. As discussed further below, new GCF readiness guidance will also cover access to and the expanded use of the USD 300,000 per year in direct NDA support with a view to providing easier access and enabling the development and serial funding of multi-year NDA plans. Such plans would support the consistency and sustainability of NDA operation by providing the certainty needed to enable strategic multi-year planning and the hiring of national expertise on a longer-term basis. In addition, and as related to national expertise, the Secretariat agrees that readiness funds should also be available to support NDAs in identifying and building a pool of national experts to act as service providers in supporting the implementation of essential activities. Such efforts could build on existing rosters of national experts developed in the context of UNFCCC activities such as the preparation of national communications, biennial reports and the formulation of intended nationally determined contributions.
45. Finally, and as it relates to enhanced communication, the initial programme review reports that a number of NDAs from non-anglophone countries have had trouble understanding the readiness guidelines, and have addressed the absence of readiness documents in languages

other than English by attempting to do their own translations of key readiness guidance documents. This creates the possibility that important guidance could be mistranslated or misinterpreted. In order to enhance efficiency and minimize the possibility of misinterpretation, the Secretariat will produce deeper and clearer guidance in the readiness guidebook and translate the new readiness guidance documents into the languages where the need is highest, with a primary focus on French and Spanish. In addition, the Secretariat will investigate developing and making available on its website up-to-date video presentations in multiple languages, as feasible. Related work could cover readiness pillars and their outputs, and modalities for developing and submitting proposals and accessing readiness funding. The Secretariat will also investigate the possibility of providing some translation assistance at dialogues, recording and making available a video of key sessions from regional and thematic dialogues, and establishing language-based readiness initiatives.

46. Estimated implementation time frame: the Secretariat will strive to finalize new readiness guidelines soon after the finalization of the theory of change. This will be done with a view to making them publicly available over a six-month period through the production of a new guidance document and proactive communication through the web and through regional dialogues. The Secretariat envisions that related support mechanisms could be fully operational by the end of 2018.

47. Secretariat considerations to recommendations 6 and 11 are as follows:

(a) **Recommendation 6**: increase capacity of the Secretariat and Regional Advisors to improve outreach and support to countries. This can occur by hiring additional Secretariat staff and/or external support dedicated to managing the Readiness Programme and strengthening the role of regional advisors (e.g. ensuring full-time engagement, enhancing interactions with the Secretariat and establishing regional networks); and

(b) **Recommendation 11**: strengthen emphasis on peer-to-peer learning. GCF should organize additional structured dialogues and events, tailor agendas to country needs and support new platforms that intend to promote peer-to-peer knowledge-sharing.

48. The Secretariat's administrative budget and related indicative staffing estimates approved at B.18 suggested increasing the number of readiness staff from the current level of two to six FTE staff in 2018 for performing readiness office management functions (including NAPs and non-NAP readiness support) of designing guidance, managing interdivisional review processes, ensuring quality control, facilitating the sharing of good practices among countries, and reporting. It also envisioned increasing country dialogue/relationship management staff performing the functions of liaising directly with NDAs, ensuring coherence among all GCF support to a country, and providing front-line guidance to NDAs and delivery partners on their readiness programming. In this regard, the Secretariat is currently in the process of hiring three senior staff to strengthen the management of the Readiness Programme – a coordinator to oversee the Readiness Programme as well as PPF and environmental and social safeguards (ESS)/gender functions housed in DCP, a dedicated Programme Manager to manage the programme (excluding adaptation planning) and an adaptation planning specialist. With these additions and the senior specialist already on board managing adaptation planning and project preparation, the Secretariat is well on track to strengthen its capacity to manage the programme.

49. In addition, the Secretariat is finalizing the hiring of three technical experts on adaptation planning, who will be based in the regions, and made available to support NDAs and direct access entities as needed. Further support for regional work will come from additional consultant support, and the Secretariat will strengthen efforts to communicate with regional advisors so that they are up to date on evolving policies and are better positioned to provide

consistent support. That said, the Secretariat believes that much more needs to be done in this area.

50. By decision B.12/32, the Board requested the Secretariat to provide updates on the development of regional hubs to provide support to NDAs, AEs and partner countries. As noted in the Secretariat's 2017 and 2018 work programmes, the Secretariat has long believed that it would be most efficient and beneficial to establish formalized regional hubs staffed with fully connected GCF staff to support the delivery of readiness support. In the absence of Board approval of such a plan, and given the increasing requests for support, the findings of the initial programme review, and the long-noted recommendation for the establishment of regional networks of NDAs, the work programme includes a proposal for the Secretariat to issue a request for proposal (RFP) designed to hire an entity or entities to formally organize a regional network or networks of NDAs and support their operation through regionally based expertise. As it relates to this recommendation, the mandate of such networks would include, among other things, enhancement of peer-to-peer learning and technology transfer, as well as support for an increased number of regional dialogues in which varied topics of regional interest to both NDAs and direct access entities would be discussed.

51. Estimated implementation time frame: the Secretariat is aiming to have the above-mentioned staff and consultants on board by the end of the year and, if agreed, an NDA network RFP could be issued by the middle of 2018.

52. **Recommendation 5:** clarify the roles and responsibilities of all Readiness Programme stakeholders and support coordination at the national level. GCF could also provide guidance on how these actors can, based on best practices, optimally work together to strengthen country ownership.

53. The Secretariat recognizes that country coordination is critical to the development of strategies and projects that will meet country goals. Further, it understands that GCF work could benefit from linkages with other climate work that is being undertaken through other national, bilateral or multilateral mechanisms. Indeed, such coordinated work could help to avoid duplication of efforts and provide the requisite, technical, institutional and financial support to countries to help them to implement their NDCs in the most coherent manner possible. That said, the Secretariat generally believes that there is unlikely to be a "one size fits all" mode of operation of national and international actors that would transcend specific country and/or specific project and finance needs. Nevertheless, the Readiness Programme will continue during 2018 to develop short case studies that will include descriptions of how key actors have worked together in specific contexts to deliver exemplary results.

54. Estimated implementation time frame: the Secretariat expects to continue to include short case studies in its progress reports to the Board, and will work to include information on coordination among the different entities involved with the related work. These case studies will then be shared more broadly with GCF stakeholders.

55. Secretariat considerations to recommendations 4 and 8 are as follows:

- (a) **Recommendation 4:** clarify lines of authority for programme areas and application processing; and
- (b) **Recommendation 8:** streamline and provide more transparency on the application process and timelines. GCF should develop clear procedural timelines for application review and provide more flexible windows for submission and disbursement to improve accountability, transparency and efficiency.

56. During 2018, the Secretariat will move towards automation of the readiness application process. Specifically, it will initiate implementation of the Fluxx system, a web-based platform

that will support the entire readiness process from submission of applications and approvals to disbursements and monitoring of the grants. This system has built-in mechanisms to provide real time updates to NDAs on the progress status of their applications. This effort will be complemented by the new country portals that will be made accessible to all NDAs via login functions on the GCF website. The portals will contain introductory information on countries relevant for climate change and the GCF, as well as information on the status of their various interactions with GCF (readiness, PPF, FP, etc.). In addition to these initiatives, the Secretariat will continue to update documentation on its website on approved readiness activities and signed grant agreements, and will introduce new submission cycles for 2018 with adjusted timelines based on experiences and lessons learned from 2017. Finally, the revised version of the readiness guidebook will provide further details on lines of authority and timelines for the entire readiness process.

57. Estimated implementation time frame: the Secretariat expects the Fluxx system to be piloted to select number of countries by the third quarter of 2018, with the aim of going live fully in January 2019 and the country portal system becoming available to all GCF partner countries before the opening of the nineteenth meeting of the Board. The Secretariat understands how a growing team and evolving roles can lead to some degree of confusion, and it will continue to update related information as changes occur over the years.

1.6 Way forward

58. The review identifies a set of interventions required to improve the Readiness Programme. The Secretariat will put a focus on adopting a comprehensive approach in dealing with issues related to the programme. A comprehensive design framework for the Readiness Programme can be developed through proposed interventions under the following work streams:

- (a) Improving on key elements in the design of the programme that still need to be elaborated;
- (b) Finalizing the elaboration of a clear theory of change of the programme, clarifying the intended results and key performance indicators;
- (c) Developing and implementing a Secretariat-wide country engagement strategy;
- (d) Initiating a process for the development of the framework of the second generation of the Readiness Programme to be launched in 2019; and
- (e) Implementing a comprehensive approach in ensuring the deployment of identified immediate and long-term corrective measures.

59. Table 4 presents a summary of concrete actions for the Secretariat under each of the four work streams with their associated expected time frames.

Table 4: Summary of concrete action points

Work stream	Scope of work	Indicative timeline
1. Developing a theory of change to identify readiness outcomes and results	<ul style="list-style-type: none"> - Clear articulation of readiness activity areas, outputs, outcomes and vision of the Readiness Programme - Updated programme guidance based on the new theory of change 	By the twentieth meeting of the Board

Work stream	Scope of work	Indicative timeline
	<ul style="list-style-type: none"> - Production of deeper and clearer readiness guidance in the readiness guidebook - Translation of new readiness guidance documents into additional languages 	
<p>2. Enhancing a Secretariat-wide country engagement strategy to support countries to engage more strategically with the Readiness Programme</p>	<ul style="list-style-type: none"> - Secretariat-wide strategy, detailed action plan and guidelines on country engagement, aiming at optimizing use of readiness resources to support countries in achieving the strategic objectives of the Readiness Programme. This includes consideration of, and priority given to, investments in national capacity and ensuring sustainability of the Readiness Programme. - Improve and/or adjust processes and, where required, specific tools, to ensure good management of the Readiness Programme in alignment with the above-mentioned strategy, action plans and guidelines 	<p>September 2018</p>
<p>3. Proposing the framework of the second generation of the Readiness Programme</p>	<ul style="list-style-type: none"> - Revise the readiness framework to best address evolving and increasingly ambitious needs of countries and entities - Evaluate new provisions, including an assessment of policy and legal implications for a national designated authority direct access modality under the Readiness Programme, based on considerations that the Board may wish to make, and as suggested in paragraph 93 of this document - Revise readiness guidebook and associated templates accordingly 	<p>September 2018</p>
<p>4. Develop and comprehensively implement measures in support of a more strategic approach to readiness</p>	<ul style="list-style-type: none"> - Enhance flexible, strategic and long-term country approaches to readiness - Improve guidance to facilitate accessibility (e.g. assessment/review and approval criteria, concrete examples of best practices and guidance) - Clarify lines of authority within GCF - Clarify roles and responsibilities of all readiness stakeholders - Increase capacity of the Secretariat and of regional advisors to improve support and outreach - Provide technical/advisory support from the Secretariat, including more regular engagement in-country. Support strengthening of capacity of technical experts at the national level to deliver readiness - Streamline and promote transparency on application processes and timelines - Ensure that more consistent communications and consistent guidance is made available in multiple 	<p>An activity implementation schedule will be prepared and launched by April 2018</p>

Work stream	Scope of work	Indicative timeline
	<p>languages, including through up-to-date video presentations in multiple languages, as feasible</p> <ul style="list-style-type: none"> - Consider options to establish language-based readiness initiatives - Evaluate options to formally organize a regional network or networks of NDAs and support their operation through regionally based expertise (request for proposal) - Support handholding approaches and technical assistance (on demand), including through request for proposal (e.g. for country programme and strategic frameworks background technical analysis) - Enhance knowledge-sharing and place greater emphasis on peer-to-peer learning 	

II. Revised 2018 work programme and budget request

60. The revised 2018 work programme and budget discusses 2018 expectations and initiatives under each of the five readiness activity areas included in the indicative list agreed by the Board at B.13. The 2018 initiatives will be taken to achieve or improve the results expected by the Secretariat, as presented in document GCF/B.18/13, “Work programme of the Secretariat for 2018 and administrative budget”. In particular, the initiatives presented below will contribute to:

- (a) Better definition by NDAs/FPs of early programming thoughts of their respective countries, resulting from stronger guidance from the Secretariat and from the ongoing readiness activities;
- (b) The conclusion of robust country programmes that are climate-focused and country-owned; and
- (c) NAPs and/or other adaptation planning processes that are designed to catalyse adaptation action and investment, including through a project/programme pipeline with GCF.

61. The review begins with funding for adaptation-related activities due to the growing dominance of adaptation relative to readiness funding.

62. Section 2.2 presents the Secretariat’s anticipated number of readiness requests to be committed in 2018, along with the related readiness funding required. Annex I presents a draft decision for Board consideration.

2.1 Expectations and initiatives under each readiness activity area

2.1.2. Formulation of national adaptation plans and/or other adaptation planning processes

63. At B.13, the Board noted the urgent need to support and expedite the formulation of NAPs and/or other adaptation planning processes. As a result, decision B.13/09 directed the Executive Director to approve up to USD 3 million per country through the Readiness

Programme to support these activities. At the time of the Board's decision, there were no specific GCF guidance or review criteria available for countries to use when designing their applications for adaptation planning support. Therefore, the decision directed countries and service providers to consider UNFCCC NAP technical guidelines.

64. Decision B.13/09 and its call for urgent action on adaptation planning was taken less than 18 months ago, and the response to that call was robust. That said, the urgency of the call combined with the absence of related GCF guidance led to initial submissions of variable quality, which in turn resulted in lengthy discussions among the Secretariat, NDAs and delivery partners during the review. To address this situation, the Secretariat initiated high-level meetings with the UNFCCC secretariat, key readiness delivery partners and other support organizations and networks. It also engaged in discussions with countries and adaptation experts in an effort to derive an initial set of GCF guidance designed to articulate high standards for the development and funding of readiness proposals for adaptation planning and NAPs.

65. This guidance, which has now been memorialized in different sections of the Readiness Guidebook, has been shared with all NDAs, AEs and other readiness delivery partners to assist them in formulating their NAPs and/or other adaptation planning processes. The guidance makes explicit the set of review criteria that the Secretariat uses in conducting its review of each adaptation planning proposal as well as an indicative set of good practices for achieving each review criterion (see annex V to the readiness guidebook). In addition, the guidance includes an indicative list of adaptation planning outcomes and sub-outcomes (see annex IV to the readiness guidebook) and key design considerations (see section 3 in the readiness guidebook). In the initial review of the overall Readiness Programme conducted by Dalberg, it was suggested that the guidelines and framework established for the formulation of NAPs and/or other adaptation planning processes should serve as a model for updating the outcome and output provisions that already exist for other categories of readiness support. While this adaptation planning guidance covers many technical topics, they have at their core a set of key principles:

- (a) Proposals must be specific to countries' situation and needs;
- (b) Proposals should be based on a well-explained plan that includes interim goals and requirements for periodic reporting;
- (c) Funding should be provided in tranches and in a manner that links payment of future tranches to a demonstration that initial goals, outputs and associated deliverables have been achieved, and that the capacity exists to ensure effective implementation of the next stage or set of activities of the adaptation planning process;
- (d) Proposals must clearly articulate the role of the NDA, the country, national stakeholders and service providers in the adaptation planning process;
- (e) Proposals should be designed to catalyse larger-scale investment in adaptation action, from both the private and the public sector, as well as different sources of international cooperation, including specific project concepts targeting GCF support; and
- (f) Proposals should build on complementary in-country adaptation planning processes.

66. As noted at B.18, there has been a significant influx of requests for readiness assistance in the formulation of NAPs and/or other adaptation planning processes throughout 2017. Specifically, and as included in more detail in the table in annex V, as at 31 January 2018, 47 countries had requested readiness assistance for adaptation planning through the Readiness Programme. Of these 47, nine were approved, totalling USD 24,012,678. Of the remaining 38 proposals, eight were endorsed until 31 January 2018 and on track to be approved in early 2018, 21 are pending resubmission by the NDA based on feedback from the Secretariat, and nine are undergoing different stages of review by the Secretariat. The eight endorsed pending final approval amount to USD 22,625,654, which will be approved potentially by B.19, resulting

in a total combined value of USD 46,638,332. It is important to note that owing to the timing of the issuance of the GCF specific guidance on quality for adaptation planning proposals, only approximately the latter one third of these proposals benefited from having access to this aforementioned guidance.

67. In addition to the pipeline of 47 adaptation planning/NAP requests that the Secretariat has already received for potential processing in 2018, the Secretariat expects a further influx of requests during the year, creating the likelihood that by the end of 2018, the cumulative number of requests will reach 70 proposals. Each proposal received undergoes substantive review across divisions within the Secretariat, and engagement with countries, in an effort to ensure that the proposals are of high quality before being presented for recommended approval by the Secretariat's interdivisional review committee, Readiness Working Group (RWG). In 2018, an average of two rounds of substantive review prior to consideration by RWG is expected. This average number of reviews is significantly lower than what was experienced in 2017.

68. Additional ways in which the Secretariat is planning to further support countries in strengthening the quality of adaptation planning proposals in 2018 include providing closer hands-on specialized in-country technical support to NDAs for designing proposals with national delivery partners. Furthermore, additional staffing is urgently required for processing the review, endorsement, approval, disbursement and sharing of learning based on the implementation of adaptation planning proposals, and for the Secretariat to be equipped to ensure a high standard of quality and timeliness in the adaptation planning category of readiness support.

69. Recent experience is demonstrating that the new GCF guidance that was recently made available to all countries, and efforts to actively socialize this more in-depth guidance with NDAs and their delivery partners, is improving the quality of most (though not all) of the proposals at entry. This increased focus on quality has also resulted in a more judicious pace of new submissions and resubmissions of proposals by NDAs that have benefited from feedback support by the Secretariat, as well as a decrease in the average amount of funds requested for each proposal.

70. As a consequence of this more judicious pace of submissions and average budget, and taking into account the understanding of Secretariat, country and service provider capacity, the Secretariat now estimates that 30 adaptation planning proposals will be approved by the end of 2018. This estimate is a decrease from 40 approved proposals envisioned in the 2018 work programme presented at B.18, for the reasons conveyed above.

71. The Secretariat estimates disbursing an additional USD 30 million for 30 new adaptation planning proposals approved in 2018, with a total approval value of USD 75 million based on an average budget of USD 2.5 million for each proposal. To ensure implementation impact, all proposals will be funded in a tranching manner, typically over a period of years, with each subsequent tranche disbursed upon the submission of progress reports and its approval by the Secretariat.

72. Taken together since 2016 up to the end of 2018, the Secretariat expects to reach a cumulative total of 35 approved adaptation planning proposals (five in 2017 plus 30 in 2018). Thus, by the end 2018, the Secretariat expects to approve half of all proposals submitted by the end of 2018. This factors in that a number of the new proposals will be submitted towards the latter part of 2018 with the likelihood of being approved in early 2019. This pace of approvals would also mean that 22 per cent of the 144 GCF eligible countries would be financially supported by the end of 2018, and continuing at this pace of approvals would result in two thirds financially supported by the end of the 2019–2020 biennium. Increasing the pace of approvals would require an increased capacity-building programme for NDAs and their delivery partners to develop and implement high-impact proposals, as well as increased staffing at the

Secretariat. Assuming similar adaptation planning and non-adaptation planning readiness funding requests for remaining countries, the Secretariat would like to highlight at this early point the possibility that total readiness funding requests for adaptation-related activities could top USD 200 million over the 2019–2020 biennium.

73. The financial and technical support activities described above aim to strengthen the quality of proposals and impacts from their implementation. More specifically, this support aims to strengthen the expertise, information and institutional processes required for countries to systematically plan for and attract investment in adaptation action. Investment is targeted from a diversity of sources, including domestic and international public sources, as well as the private sector. An aspect of the broader adaptation finance strategy strengthened with this support will be GCF project pipelines, in a coherent and complementary manner with other funds.

2.1.3. Establishing and strengthening national designated authorities/focal points

74. The GCF country-driven business model depends on strong NDAs/FPs and strong country capacity. As noted above, in accordance with Board decisions, each GCF partner country NDA/FP is eligible for USD 300,000 per year in direct support to cover a wide range of capacity-building needs, including those related to human resources, technical assistance, planning and administration, national coordination, outreach to national stakeholders including the private sector, and holding meetings and workshops. If all eligible countries requested the funding level allowed, the Readiness Programme would be providing over USD 43 million per year in direct NDA/FP support for these critical activities. As at 31 January 2018, and since the Board's initial readiness funding in 2014, GCF had received a total of USD 33.4 million in requests and disbursed approximately USD 8.71 million in total for a combination of direct NDA funding support and funding support for country programmes. The Secretariat knows that this level of both requests and disbursements is not commensurate with country needs. The initial programme review suggests that factors contributing to underutilization of the readiness funding may include the limited availability of clear guidance articulating what is eligible for funding, NDA difficulty in developing submissions and in demonstrating their own or a local delivery partner's ability to meet GCF standards for direct NDA funding. As the initial programme review put it "Stakeholders provided clear and consistent feedback that the process of accessing GCF Readiness support is unduly cumbersome in relation to the amount of financing provided. Many stakeholders reiterated that for NDA strengthening grants (of up to USD 300,000), the investment required on behalf of the NDA and/or delivery partner is unsustainable."

75. While the Secretariat has made significant efforts to streamline the requirements for grant agreements, it has long been apparent that in many cases, the initial efforts at streamlining have been insufficient to enable broad access to readiness funds, and in particular, funds needed for establishing and strengthening NDAs or focal points. In an effort to address this, in decision B.12/32, the Board requested the Secretariat to provide advance payments up to a limit of USD 50,000 to countries or their delivery partners that have signed readiness grant agreements where, in the judgement of the Secretariat, lengthy domestic processes are required to conclude the agreement.

76. Additional measures are needed to promote NDA/FP strengthening and their ability to directly access readiness support. The Secretariat has long been aware of the need to balance assurances of accountability for funds and the swift delivery of GCF readiness support. Indeed, in the initial work done for the Board at its third meeting on the development of a Readiness Programme, the Secretariat's review of the experience of other capacity-building efforts concluded, among other things, that the programme should strive to avoid creating unwarranted new obstacles to accessing finance. It is also relevant to note that in its review of

the Secretariat staffing needs, the Dalberg report submitted to B.18 noted the dichotomy that exists in GCF relative to risk. On the one hand, GCF holds itself out as an institution willing to accept risks that other institutions might not accept. On the other hand, GCF emphasis on ex ante risk management may, in some cases, be stifling progress towards the change it is striving to bring about.

77. Given that the success of the GCF business model relies in large part on having strong NDAs/FPs, the Board may wish to consider whether it would be appropriate and consistent with the GCF's risk appetite to pilot an ex post approach in direct NDA/FP funding support (e.g. up to USD 100,000) for approved direct NDA/FP support readiness proposals based on the monitorable work programme agreed at the time of approval. This would shift this single component of GCF funding from ex ante requirements to robust ex post monitoring, enable initiation of critical capacity-building work and base continuing funding on proof of effective use of funds rather than on ex ante requirements. If the Board were supportive of such an approach in principle, the Secretariat would evaluate how to implement it (considering, where applicable, policy and legal implications and risk mitigation measures).

78. The evaluation of such an approach would be discussed by the Secretariat in consultation with the independent Integrity Unit and relevant Secretariat units (e.g. Office of Risk Management and Compliance), and could include:

- (a) The minimum legal requirements which would need to be put in place to allow direct support to NDAs/FPs (e.g. provisions relating to use of proceeds, misuse and related recovery of funds, prohibited practices, anti-money laundering and countering the financing of terrorism);
- (b) How to ensure the recipient's accountability for this support, including assessing how activities will be reported and monitored; and
- (c) Considering best practice for approving and disbursing small-scale grants in other international funding organizations.

79. Pending future decisions on the considerations above, the Secretariat would request USD 20 million in related funds to cover the needs to support 40 NDAs/FPs during 2018, at an average level of USD 500,000 implemented over a two-year period, considering the requests in the pipeline and the demand expected for 2018.

2.1.4. Information-sharing, experience exchange and learning

80. The primary activity that the Secretariat has funded in this activity area of the indicative list relates to the regional workshops and structured dialogues that the Secretariat supports. Specifically, GCF facilitates the building of NDA capacity by facilitating regional structured dialogues and workshops. Structured dialogues have helped to build a baseline understanding of how to work with GCF. However, the initial programme review suggests that these dialogues are perceived to be very process-oriented and have not yet been an effective platform for South-South learning, as the focus on country experiences has been limited. Going forward, most NDAs and direct access entities expressed interest in having dialogues that are focused more on technical content and the sharing of experiences between participants.

81. As it relates to the dialogues, at B.18, the Board approved the Secretariat's 2018 work programme, which included a vision for a greatly expanded, integrating role for the structured dialogues. Specifically, during 2018, the Secretariat will seek to leverage these dialogues more effectively than in the past to enhance country, AE/direct access entity and Secretariat wide cooperation in the development of strategic plans and aligned project pipelines through 2018 initiatives for country/NDA engagement, and strategic engagement with direct access and

international AEs. In addition, it will seek to further expand the focus of the strategic dialogues to ensure that they cover issues of regional interest.

82. The Secretariat does not believe, however, that structured dialogues can or should be the dominant vehicle for facilitating this type of capacity-building. Indeed, as noted in the Secretariat's 2017 and 2018 work programmes, the Secretariat has long believed that it would be most efficient and beneficial to establish formalized regional hubs staffed with fully connected GCF staff to support delivery of such assistance. In the absence of Board approval of such a plan, and given the increasing demand for assistance and the long-noted recommendation for the establishment of regional networks of NDAs, **the Secretariat will evaluate options to formally organize a regional network or networks of NDAs and support their operation through GCF guided regionally based support and expertise.** As it relates to this recommendation, the mandate of such networks would include support to NDAs on gap assessments and the development of related readiness plans and requests, serve a clearing house function facilitating dissemination of the most up-to-date information on GCF operation, paradigm shifting interventions and regional climate change activities, and facilitate the enhancement of peer-to-peer learning and support for an increased number of regional dialogues in which varied topics of regional interest would be discussed. Over time, consideration could also be given to delegating disbursement of Secretariat approved funds for the direct support of the NDAs.

83. In the meantime, the Secretariat will continue during 2018 to expand its efforts to provide NDAs and FPs with transparent information through the ongoing expansion of its regional dialogues and country portal platform, through the development of case studies of successful and less than fully successful readiness efforts, and through the development of video presentations designed to further explain a range of key secretariat process.

2.1.5. Strategic frameworks for GCF funding, including country programmes

84. As stressed earlier in this readiness work programme, in addition to strong NDAs, the GCFs country-driven business model depends on strong nationally developed country programmes, strategic frameworks and policies. Without strong NDAs and related capacity, it is doubtful that country-driven country programmes can be produced. Without country-driven country programmes, it is doubtful that country prioritized strategies and pipelines can be produced.

85. Both the Governing Instrument and Board guidance have recognized the importance of country programmes and strategic frameworks to the operation of GCF. Specifically, the Governing Instrument in paragraph 36 states that GCF project-based and programmatic approaches should be supported in accordance with climate change strategies and plans, and paragraph 46 states that NDAs will recommend funding proposals in the context of national climate strategies and plans. The Board has also recognized the central nature of country programmes and other strategic frameworks to the work of both the countries and GCF. Specifically, in its readiness decisions, the Board highlighted the development of strategic frameworks, including country programmes as one of five key Readiness Programme components. In addition, in its initial strategic plan, the Board emphasized the importance of country programmes, noting their link to the creation of a pipeline of transformational projects, and calling for readiness support to be "significantly enhanced to establish and strengthen the capacity of their NDAs and National Implementing Entities (NIEs) and to prepare their country programmes."

86. Over the past three years, the Readiness Programme has sought to support efforts to develop country programmes and other strategic frameworks in a manner that implemented the Board's broad guidance specified in decisions B.08/11 and B.13/32. These efforts have

taken two tracks – guidance for the development of country programmes and strategic frameworks, and funding to support their development.

87. As regards guidance, the Secretariat has worked to ensure that related guidance would be flexible enough to ensure that country programme development would be country-driven and able to take into account the specific circumstances of each country. With those goals in mind, the Secretariat developed in 2015 initial guidance that was derived from annex XVII to decision B.08/11, “Initial general guidelines for country programmes.” Among other things, the Secretariat’s guidelines: proposed a template to summarize national sustainable development and climate response priorities in the context of GCF result areas; discussed potential roles and contributions of key stakeholders to facilitate their engagement in understanding priorities and developing the country programme; provided initial guidance for the NDA/FP to articulate national mitigation and adaptation priorities in the context of GCF investment criteria; provided guidance to help countries to develop action plans that identified the concrete actions necessary to realize the priorities identified; and included key considerations related to future adjustments and/or updates to their country programme.

88. As regards readiness funding to support country programmes and strategic frameworks, to date, the Secretariat has approved funding for 115 funding proposals targeting strategic frameworks, 97 of which include funding for at least some of the building blocks that are essential to the preparation of country programmes. To date, 55 countries have started implementing activities with a view to completing or advancing their country programmes in 2018 and 2019.

Experience to date

89. Feedback from the Readiness Programme’s initial support in the area of strategic frameworks, including the preparation of country programmes, has come in the form of observable outputs, and verbal feedback from countries. In terms of outputs, to date, only three complete country programmes have been submitted – from Antigua and Barbuda, Zambia and Rwanda. These ground-breaking efforts have provided useful examples for other countries to consider as they engage in their own country programme development processes. However, despite the country programming support given to date, several of the most recent draft country programmes seen by the Secretariat suggest the need to ensure additional targeted assistance. Further, while the Secretariat had endeavoured to capture snapshots in the form of country programme briefs reflecting the understanding of NDAs/FPs of the early programming thoughts of their respective countries, these snapshots may not serve to fulfil the strategic vision or planning functions that can be developed through more analytical and participatory efforts.

90. In terms of verbal feedback, several things have become apparent. First, there appears to be some confusion regarding the need for or potential benefits of country programmes, particularly as they relate to other historical work that a country might have completed previously, such as low-emission development strategies or plans, NAMAs, NAPAs or other sustainable development plans. Second, the Secretariat’s effort to keep its guidance broad to enable them to be flexibly adapted to specific country needs has created confusion regarding what exactly the GCF is looking for in its country programme work. Third, a number of NDAs have expressed concerns about their capacity to develop country programmes, and their need for further assistance, including technical assistance related to such key elements as establishing climate baselines and removing barriers to climate finance. Finally, and as has been noted by the Dalberg initial readiness programme review, there has been a lack of clarity on whether country programmes should be a part of and funded through the USD 300,000 in direct capacity support agreed in Board decisions, or should be funded out of the remaining USD 700,000 in annual funds that countries were eligible to access under the Readiness Programme.

The Secretariat intends to clarify that countries have the flexibility to access the resources they need to develop their country programmes within the USD 1 million cap.

2018 Initiatives

91. The Secretariat is poised to take steps during 2018 to address each of the issues noted above. Specifically, and as regards guidance, the Secretariat is currently at an advanced state of revision of revised recommended guidelines for country programming processes, with a view to completing them by the end of March 2018. This revision will further explain the benefits and essential nature of country programming that includes a GCF orientation, and its importance in enabling both country and GCF strategic planning. It will also make clear that funding to support the development of country programmes will not be counted against the USD 300,000 in annual direct support that NDAs are eligible for pursuant to the Board's readiness decisions. It will also provide NDAs/FPs with more explicit guidance that they could use to elaborate their country programmes, and it will include an improved indicative model of a process to conduct country programming. Finally, it will include more guidance aimed at supporting their identification of activities and areas of support for which the Readiness Programme can be considered.

92. As regards continuing requests for technical support, the Secretariat is preparing an RFP to select qualified, reputable and experienced entities, firms or consortia to increase the Secretariat's capacity to deliver technical and analytical support to allow NDA/FPs to fully understand the requirements of, and to articulate, a country strategy to undertake low-emission and climate-resilient development in alignment with their national priorities.

93. The Secretariat is also exploring ways to ensure that readiness funds can be used to support countries, through their NDA/FPs, to address the gaps identified in their country programming process, including initiatives such as the development of rules, regulations and policies that are best suited to the individual country conditions and enable them to more effectively shift towards low-emission and climate-resilient development pathways consistent with national priorities.

94. In short, the experience and feedback obtained by the Secretariat demonstrates that NDAs/FPs will continue to require capacity strengthening to ensure completeness, quality and continuity of their country programming process, as well as more explicit guidance on the elements of a country programming process, and more access to technical assistance. The Secretariat believes that the initiatives outlined above, together with the increased support discussed in the other sections of the 2018 work programme, will revitalize and accelerate the ongoing work on country programmes and strategic frameworks, and thereby enhance GCF country-driven work.

95. **As regards the 2018 work programme request for the readiness component on strategic frameworks, including country programmes,** the Secretariat is requesting USD 20 million. This request assumes approval of approximately 40 NDAs/FPs submissions seeking to elaborate strategic frameworks, including country programmes during 2018, at an average level of USD 500,000 per request. It also assumes that these requests will be implemented and produce country-driven strategic products over a one- to two-year period.

2.1.6. Support for accreditation and accredited direct access entities

96. The Secretariat was mandated by the Board (annex XVI to decision B.08/11 (annex XVI to document GCF/B.08/45)) to: (i) raise awareness of the GCF accreditation process, fiduciary standards and ESS; (ii) understand the roles of existing institutions and conduct and identify potential implementing entities and intermediaries; (iii) conduct an institutional gap analysis of potential applicants against the fiduciary standards and ESS; (iv) develop and implement a personalized readiness and preparatory support plan that will support applicant institutions to

address identified gaps in order to comply with the fiduciary standards and ESS (may include the development of new policies and procedures); and (v) enable lessons.

97. During 2017 the Readiness Programme stepped up its efforts to provide assistance to direct access entities. As at 31 December 2017, institutional gap assessments against the GCF standards and action plans had been completed for 15 entities nominated by 12 countries. In each of these efforts, institutional gaps were identified for entities and action plans were developed to address these gaps. Of the 15 entities that have been supported, 11 have submitted their accreditation applications, two have been accredited, three are in stage II and six are in stage I. Some of the remaining entities are working towards closing the identified gaps and intend to thereafter submit their application. Other direct access entities are in discussions with their NDA to seek additional readiness support in order to close their identified gaps.

98. As a consequence of these initiatives and others, the need for support to entities (including private sector entities) continues and so does the demand from countries and their potential direct access entities. The gap assessment/gap filling model noted above has started showing results. Many applicants in the pipeline who have received support last year will be progressing in the accreditation process this year. To address the mandate by the Board as stated above and to meet the demand from the countries (and entities) the support should continue for both gap assessments and institutional strengthening.

99. In addition, with the intention of providing more direct dedicated support to direct access entities, the Secretariat in 2017 conducted missions to the Caribbean (particularly focusing on Barbados, Honduras, Haiti, Antigua and Barbuda, Grenada and Dominica), Africa (focusing on Namibia and Kenya), and South Asia (Nepal and Bangladesh) and Eastern Europe (Georgia and the former Yugoslav Republic of Macedonia). The focus on these missions was to engage with direct access entities in those countries on facilitating the development of their entity work programme and project pipeline, providing information on project design requirements and the development of readiness proposals. The Secretariat also engaged directly with entities seeking accreditation in these countries. The outcome of these missions is resulting in the submission of revised readiness proposals, submissions of funding proposals and PPF proposals and the submission of required documents by potential direct access entities.

100. Taking into account these initiatives and the additional Board guidance provided in decision B.18/02, the following areas have been targeted for assistance under the accreditation support area during 2018:

- (a) Entities readiness planning:
 - (i) Continue institutional gap assessment and action plan as pre-accreditation support;
 - (ii) Continue institutional capacity-building for both pre-accredited and accredited entities; and
 - (iii) Continue environmental, social and gender support for both pre-accredited and accredited entities;
- (b) Deepening strategic engagement with direct access entities:
 - (i) Support in developing entity work programmes and long-term engagement with GCF;
 - (ii) Support direct access entities to align entity work programmes with country work programmes;
 - (iii) Mapping exercise to determine strengths and weaknesses of the entities, and opportunities for further engagement;

- (iv) Tailor readiness interventions to address identified gaps; and
- (v) Building entities' capacity and facilitating them to submit quality funding proposals; and
- (c) Structured trainings and learning events:
 - (i) PPF formulation and project design;
 - (ii) Concept note development to respond to calls for proposals (e.g. the simplified approval process, enhanced direct access and specific RFPs);
 - (iii) Project management and implementation;
 - (iv) Understanding climate science and how to include it into adaptation and mitigation projects;
 - (v) Dedicated training to private sector entities on climate-related technologies and tools, and financial instruments;
 - (vi) South-South exchanges and knowledge-sharing;
 - (vii) Support on community of practice on ESS and gender; and
 - (viii) Empowering direct access on GCF mandate, operational procedures and modalities.

2.2 Expected demand for 2018 and budget request

101. In conclusion, based on the outcomes of the initial review, on the existing readiness proposals in the pipeline, on the expected demand for 2018 and on the continuous efforts from the Secretariat to implement corrective measures and improve the Readiness Programme, the Secretariat is expecting 140 requests to be committed in the amount of USD 125 million during 2018. The projected disbursements for these commitments are expected to reach USD 60 million. Table 5 shows the detailed breakdown.

Table 5: Consolidated revised 2018 Readiness and Preparatory Support Programme budget

Readiness activities	Approvals/Commitments			Projected 2018 disbursements
	Number approved	Estimated average value (USD)	Total (USD)	
Adaptation planning	30	2,500,000	75,000,000	30,000,000
National designated authority support	40	500,000	20,000,000	10,000,000
Strategic frameworks for GCF programming, including for country programmes	40	500,000	20,000,000	12,000,000
Support to direct access entities	20	250,000	5,000,000	3,000,000
Structured dialogues	8	500,000	4,000,000	4,000,000
Other knowledge-sharing activities	Not applicable	Not applicable	1,000,000	1,000,000
Total	140	-	125,000,000	60,000,000

102. According to document GCF/B.19/15 titled "Readiness and Preparatory Support Programme: progress report", the budget remaining as at December 2017 from the initial USD 130 million is USD 65.24 million. Therefore, the amount of additional funds required for commitment in 2018 is USD 59.76 million, as shown in table 6.

Table 6: Total budget requested at the nineteenth meeting of the Board

Budget details (as at 31 December 2017)	Total (USD)
Total commitment to be made in 2018	125,000,000
Total budget remaining from the initial approved USD 130 million	65,240,000
Total requested for approval at B.19	59,760,000

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.19/32/Rev.01 titled “Readiness and Preparatory Support Programme: revised work programme for 2018”:

- (a) Takes note of the findings of the Secretariat’s initial review of the Readiness and Preparatory Support Programme referred to in decision B.18/09, paragraph (e);
- (b) Also takes note of the immediate measures undertaken by the Secretariat to improve the quality issues in the Readiness and Preparatory Support Programme as referred to in decision B.18/09;
- (c) Requests the Secretariat to continue implementing the measures listed in annex II;
- (d) Notes the revised work programme and request for funding for 2018;
- (e) Approves an additional amount of USD 60 million to be made available for the execution of the Readiness and Preparatory Support Programme; and
- (f) Requests the Secretariat to submit to the Board a proposal for improving the Readiness and Preparatory Support Programme based on the outcome of the conclusions of the Secretariat’s initial review and of the independent evaluation of the Readiness and Preparatory Support Programme as soon as it is concluded.

Annex II: List of the measures being implemented by the Secretariat to improve the Readiness and Preparatory Support Programme

1. Develop a theory of change that better clarifies the outcomes and results of the Readiness and Preparatory Support Programme (hereinafter referred to as the Readiness Programme), in alignment with a unified vision of the programme.
2. Assess the feasibility of potential modalities of ex ante payments with robust ex post monitoring to directly support national designated authorities (NDAs)/focal points, considering the policy and legal implications and risk mitigation measures.
3. Propose revisions and/or improvements to the Readiness Programme to address the evolving and increasingly ambitious needs of countries and entities.
4. Strengthen guidelines to facilitate the accessibility of countries to readiness resources. This may include:
 - (a) Improving clarity of readiness application processes (e.g. proposal review and approval criteria) and timelines;
 - (b) Evaluating options to further streamline the readiness application process;
 - (c) Sharing concrete examples of good practices;
 - (d) Further reviewing the readiness guidebook and associated templates, in alignment with any improvement proposed to the readiness framework and access modalities (e.g. updating the Readiness Programme's guidelines based on the new theory of change);
 - (e) Translating the readiness guidebook into additional languages and ensuring more consistent communications and guidelines in multiple languages, including through up-to-date video presentations in multiple languages, where feasible;
 - (f) Strengthening the capacity of the Secretariat, including regional advisors, to improve support and outreach, and to strengthen regional presence;
 - (g) Providing technical/advisory support from the Secretariat, including through more regular in-country engagement, with a view to strengthening the capacity of technical experts at the national level to support countries' delivery of appropriate readiness results;
 - (h) Considering options to formally organize regional networks of NDAs and support their operation through regionally based expertise; and
 - (i) Enhancing knowledge-sharing and placing greater emphasis on peer-to-peer learning.

Annex III: Methodological approach to the initial review by the Secretariat

1. The Secretariat's approach and structuring of the initial review stemmed from the review's primary aim of assessing the performance of the Readiness and Preparatory Support Programme (hereinafter referred to as the Readiness Programme).
2. The questions and inputs (such as data and stakeholder feedback) that needed to be considered, understood and/or analysed to ensure the comprehensiveness of the initial review addressed both the overall design of the Readiness Programme and the implementation of its activities. This is further discussed in the following paragraphs.
3. This methodological approach was also useful in determining the best presentation structure of the overall outcomes of the initial review.

1. Overall design of the Readiness and Preparatory Support Programme

4. At the design level, importance was given to two questions related to:
 - (a) The adequacy of the conceptual or theoretical framework underpinning the Readiness Programme; and
 - (b) The potential of the current Readiness Programme's framework to achieve its expected objectives.
5. An assessment of these questions led to an improved understanding about the Readiness Programme's ability to best advance countries' interests, particularly as a means to improve their capacity to access GCF resources to support the ambitions associated with their national climate change agenda in the overall context of their development priorities.

2. Implementation of activities

6. At the implementation level, the Secretariat considered questions related to:
 - (a) The robustness of readiness proposal design approaches and methods adopted by countries; and
 - (b) The effectiveness and adequacy of current implementation.
7. Addressing these two additional questions helped the Secretariat to better understand the processes and mechanisms, as well as the contexts and conditions, under which the Readiness Programme is being implemented, and how these can be improved to realize the potential of the programme to achieved its expected outcomes.

3. Information sources and inputs

8. Several information sources were considered by the Secretariat. The first were internal sources that provided a synthesis of the reflections initiated by the Secretariat to assess the performance of the Readiness Programme and of the initial lessons learned from this exercise. This synthesis considered not only the experiences gained by the Division of Country Programming (DCP) on the implementation of the Readiness Programme, but also feedback collected through a wide series of interactions across the Secretariat as to how to best deploy the Readiness Programme's resources and tools. Substantive inputs were provided by the operational divisions of the Secretariat (Private Sector Facility and Division of Mitigation and Adaptation), while inputs on the management of implementation processes came from the

Portfolio Management Unit and the Internal Audit. These included significant contributions from the initial internal audits conducted for DCP recommending relevant ways to improve the management of Readiness Programme processes.

9. To ensure an objective development of this initial review, the Secretariat has given equal weight to external sources of information. Hence the importance of the independent analyses provided by Dalberg Global Development Advisors.

10. The Secretariat requested Dalberg to consider, in its analyses, appraisals and comparisons between the GCF Readiness Programme and other readiness programmes supporting developing countries on various matters related to climate change and climate finance. These comparisons were useful in assessing both strengths and weaknesses of comparable readiness programmes and in understanding how these programmes have overcome similar challenges.

11. In addition to these, the Secretariat drew on other external sources, including:

- (a) Feedback from discussions and interactions with national designated authorities (NDAs) and focal points (FPs);
- (b) A set of interviews conducted in early 2017 by the Economist Intelligence Unit with Secretariat staff, NDAs/FPs and implementation partners; and
- (c) Elements of the information paper on the experiences of countries in accessing the Readiness Programme to finance adaptation activities conducted by the Adaptation Committee under the United Nations Framework Convention on Climate Change.

4. Review proceedings

12. An internal core team, led by DCP and composed of representatives of several divisions from across the Secretariat, conducted the process of the review. The Secretariat collaborated with Dalberg in an initial phase to collect independent inputs, as well as with an independent consultant, both of which cooperated to improve the review process. The Secretariat compiled and analysed all information sources and formulated its assessment framed by the four review questions outlined above.

13. The Secretariat structured and summarized the findings of the outcomes of the initial review around the following seven criteria:

- (i) Significance of the overall Readiness Programme;
- (ii) Relevance;
- (iii) Appropriateness of its design framework;
- (iv) Effectiveness;
- (v) Efficiency of the Readiness Programme's implementation, including consideration of the adequacy of budget and timelines for implementation;
- (vi) Impact; and
- (vii) Sustainability.

14. As discussed above, the Secretariat adopted a comprehensive methodology in conducting this initial review of the Readiness Programme to ensure that the outcome is informed by various analyses, offering a wealth of inputs to draw upon.

15. This exercise provided a clear and updated picture of the current state of the Readiness Programme and of its key successes. Moreover, it provided an excellent opportunity to solicit

inputs from the Programme's key stakeholders, including NDAs/FPs, accredited entities, readiness delivery partners, members of the Board and other relevant actors.

16. More importantly, the initial review pointed out obstacles and impediments, and triggered the development of solutions and suggested ways to improve the overall Readiness Programme framework and its implementation modalities.

Annex IV: Secretariat summary of challenges and lessons learned implementing the Readiness and Preparatory Support Programme and measures undertaken to address them

I. Challenges and lessons learned

1. The experience gained from 2015 and 2017 through the implementation of the Readiness and Preparatory Support Programme (hereinafter referred to as the Readiness Programme) led the Secretariat to identify and compile key initial lessons and challenges to address:
 - (a) Management of the complexity of the Readiness Programme: the scope of the Readiness Programme is wide and hence offers a variety of entry points: institutional, human and technical capacity development, technical analysis, project development, finance mobilization, private sector engagement, outreach, etc. This broad range of support requires significant capacity to manage, and is further compounded by a diverse pool of 77 readiness delivery partners (many of which are also accredited entities) that also require coordination and support;
 - (b) Limited capacity of the Secretariat: the Secretariat is still building its structure in terms of the number and organization of staff required to provide support to countries and to process readiness services. While decision B.18/09 allows for the Secretariat to build capacity over time, and despite the already observed increase in the capacity of the Secretariat, gaps remain. For example, the Secretariat's current countries team comprises five Country Dialogue Specialists supported by eight part-time Regional Advisors, who work as consultants and which, when combined, total the equivalent of five full-time equivalent (FTE) staff. Hence, the actual capacity of the countries team is of 10 FTE staff covering 145 developing countries. This equals an average of one FTE staff for almost 15 countries. The adaptation planning function is also challenged by limited staff capacity. Although several Secretariat team members have been performing aspects of the adaptation planning function since GCF received this mandate, the Secretariat only received a senior specialist dedicated to adaptation planning on a half-time basis in June 2017, and a full-time junior associate in October 2017. A further aspect of the Secretariat's limited capacity is the use of individual consultants to fulfil the request for GCF to have capacity based in the regions;
 - (c) Limited country capacity: a further challenge is the inadequate capacity level observed in some countries, which represents a challenge for the formulation of robust readiness requests. Up to now, the Readiness Programme has relied on beneficiaries' ability to implement approved activities efficiently, and hence deliver effective, lasting results without strong Secretariat supervision during implementation. Experience garnered to date shows that this is not always possible due to different circumstances. One circumstance that requires special attention relates to countries in which the national designated authority (NDA)/focal point (FP) appointment process does not lead to strengthened country ownership and capacity to oversee appropriate planning and implementation of readiness activities. In some cases, for example, the appointed NDA/FP does not have a strong understanding of, or leverage on, country climate-related development matters. In other cases, owing to lack of staff, the NDA/FP relies largely on the support of a national, regional or international delivery partner to prepare the country's readiness requests. Many of the current readiness proposals received indicate that additional and substantive technical inputs are needed to ensure that countries meet the programme's objectives, particularly in the most vulnerable countries (which are those that submit a higher number of requests);

- (d) Quality at entry of readiness proposals:
- (i) The inadequate quality upon entry of some of the proposals for readiness support requires the Secretariat staff to provide support for significant revisions and improvements to readiness proposals before they can be approved. To date, it has not been unusual to observe the following characteristics in some early versions of readiness proposals, particularly those focused on national adaptation plans (NAPs) and/or other adaptation planning processes:
 - 1) Similar (and sometimes exactly the same) list of activities are described in proposals from different countries working under different contexts; and
 - 2) Incoherence between country's context description and the activities for which readiness funds are requested (and consequently lack of alignment of the proposed outcomes and outputs with the specific country's context);
 - (ii) Although these quality concerns are prevalent in only some of the submitted proposals, they have the effect of requiring the Secretariat to be particularly thorough in the review of all submissions, and often result in the NDA/FP having to undertake one or more resubmissions with subsequent rounds of review by the Secretariat. This is 'clogging' the pipeline and slowing down approvals; and
 - (iii) It is also important to note that the quality of many of the resubmitted and new proposals for NAPs and/or other adaptation planning processes has significantly improved in the final months of 2017 and the beginning of 2018. This improvement has been largely corresponding to the Secretariat's articulation of review criteria based on indicative good practices and other lessons learned identified with partners, as well as the active dissemination of this new Secretariat guidance with NDAs/FPs and their current and potential readiness delivery partners;
- (e) Communications and outreach:
- (i) Over the past recent years, the Secretariat has provided updates on various Board decisions to NDAs/FPs and accredited entities by the means of a communication product ("GCF Country Connections" for NDAs/FPs, and "Partner Entities Update" for accredited entities) that aims to keep GCF partners informed of timely matters. Despite such efforts, there seem to be persistent challenges in translating consistently up-to-date information to in-country partners, leading to perceptions about misalignments of information from Secretariat staff; and
 - (ii) Countries and partners request clearer and more frequently updated guidelines regarding eligible readiness activities and costs. They also request that: i) information is available in different languages; ii) the Secretariat ensures that information and/or communications are adjusted to targeted audiences (e.g. less technical); and iii) availability of Secretariat staff is increased (despite countries' understanding of efforts made by staff). A strengthened line of communications with Regional Advisors is also seen as key, as it facilitates access to up-to-date information from in-country partners. Likewise, the efforts being undertaken to strengthen coordination between GCF divisions must lead to stronger alignment of information provided by different Secretariat staff;
 - (f) Certain countries need particular types of readiness support: in the least developed countries, small island developing States (SIDS) and African States, Readiness Programme activities are being implemented more through accredited entities and, to a

lesser extent, by local delivery partners owing to capacity constraints. In response, additional support is required to effectively allow vulnerable countries to access the programme directly and maximize their potential to promote capacity development. However, a challenge also lies in the fact that, in the case of countries that have been able to access the Readiness Programme directly through the NDA/FP or through national or regional entities, significant capacity constraints have been hindering progress during implementation. In Pacific SIDS, with small populations and government ministries with limited personnel and resources, many NDA/FP offices are equipped with as few as two to three people. In such instances, the NDA/FP may be the only climate change focal point and responsible for managing relationships with GCF and other organizations at the international, regional and national levels. This has been observed to result in delayed response times. Additionally, delivery partners in the Pacific have faced similar constraints and may not have the required in-house expertise, including legal acumen, when it comes to processing readiness grant agreements;

- (g) Greater delivery partner balance for NAPs and/or other adaptation planning processes: Of the 29 readiness proposals for NAPs and/or other adaptation planning processes received between 1 January 2017 and 17 September 2017, 24 (82 per cent) were submitted with one of two international accredited entities as the delivery partner. Based on indications from delivery partners, this trend was expected to continue or increase in the fourth quarter of 2017 and into 2018. This can impact the timeliness, quality of design and the delivery of proposals tailored to a country's context. Following in-depth discussions, the pace of resubmissions and new submissions from these delivery partners has decreased in the final months of 2017, and initial progress has been made in broadening the selection of delivery partners, including with accredited and non-accredited national organizations;
- (h) Active Secretariat engagement to increase requests for technical assistance: while several Board decisions mandate that the Readiness Programme include financial and technical assistance to countries, few countries have included any sort of comprehensive technical assistance in their readiness requests to the GCF. To date, financial assistance has been the primary implementing modality sought, with the Readiness Programme channelling resources directly to national institutions or delivery partners that have in many cases showed difficulties or been unable to deploy all the required technical and capacity building assistance needed by countries;
- (i) Stronger technical guidance from the Secretariat: NDAs/FPs have recurrently indicated that stronger technical guidance from the Secretariat will be important to enable them to plan and allocate readiness resources effectively. As referenced above, the review criteria and associated indicative good practices articulated for NAPs and/or other adaptation planning processes has been useful in helping NDAs and their delivery partners in strengthening the quality of readiness proposals. Continuing to deepen this guidance for adaptation planning and defining it for other areas of readiness will also ensure that a sound linkage between readiness supported activities and a country's low-emission and climate-resilient development agenda are clearly characterized before the approval of a readiness proposal. Although stakeholder consultation is a fundamental element in the definition of national objectives and project prioritization, countries have reported the need for stronger technical guidance to allow them to properly inform stakeholders for an effective participation in decision-making processes. Countries have flagged interest in receiving technical guidance from the Secretariat on country programming processes; and
- (j) Readiness grant agreement terms take longer to reach effectiveness: readiness grant agreements between GCF and readiness resource recipients have at times proved to require lengthy negotiation times, and optimal agreement terms are still under

discussion. The readiness framework agreements are recognized as an improvement which will ultimately lead to shorter approval to disbursement time frames. In a related effort, the Secretariat is working to determine reporting criteria in alignment with its needs, keeping country interests' and delivery partners' reporting capacities in consideration. This will facilitate reporting by NDAs/FPs or readiness delivery partners on the implementation of approved readiness activities, and is likely to accelerate the Secretariat's disbursement of readiness grant instalments that are conditioned to the approval of implementation reports.

II. Immediate measures undertaken to address identified shortcoming

2. The following are notable improvements across the overall Readiness Programme in 2017 to address the concerns raised by the members of the Board:

- (a) Additional staff capacity within the Division of Country Programming (DCP): increase from one to five Country Dialogue Specialists, with the last specialist on-board in mid-October, and additional Regional Advisor capacity, with the contracting of a new advisor for Eastern Europe under way. The Secretariat is currently in the process of hiring three senior staff to strengthen the management of the Readiness Programme – a Coordinator to oversee the Readiness Programme as well as the Project Preparation Facility (PPF) and environmental and social safeguards/gender functions housed in DCP, a dedicated Programme Manager (IS5) to manage the programme (excluding adaptation planning), and an Adaptation Planning Specialist (IS4). With these additions and the Senior Specialist (IS5) already on board managing adaptation planning support and project preparation, the Secretariat is on track to strengthen its capacity to manage the programme;
- (b) Establishment of the Portfolio Management Unit within the Secretariat, providing additional oversight to the Readiness Programme, particularly post first disbursement (implementation) along with efforts to improve the quality of the proposals coming forward through the revision of the readiness proposal template;
- (c) Working meetings of the Readiness Working Group, the interdivisional review committee that endorses the proposal for approval, to bring in cross-GCF expertise;
- (d) External assessment carried out (with the support of the Economist Intelligence Unit) to assess the programme from the perspective of NDAs/FPs, delivery partners and accredited entities to identify current issues, challenges and areas for improvement;
- (e) Development of an online system (i.e. Fluxx) to ensure more efficient management and tracking of readiness proposals;
- (f) Efforts taken in partnership with the Portfolio Management Unit and DCP to address ongoing readiness-related policy gaps (i.e. policies being drafted on extensions, cancellation of projects, etc.);
- (g) Efforts taken to review readiness grant agreements to ensure that GCF has a mandate for closer monitoring of readiness proposals; and
- (h) The grant management agreement with the United Nations Office for Project Services is being finalized for execution in early 2018 to expedite the implementation of new approved proposals with direct access entities.

3. The following are notable improvements related to NAPs and/or other adaptation planning processes:

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- (a) Since June 2017, the Secretariat initiated a suite of ways to support NDAs/FPs and their delivery partners in improving the quality and timeliness of adaptation planning-oriented readiness proposals. Several of these approaches are outlined below, while others are being explored to be advanced in 2018;
- (b) As mentioned above, an indicative set of good practices and associated review criteria has been identified and shared to support the development of readiness proposals for NAPs and/or other adaptation planning processes. These good practices are based on learning gained from proposals submitted to date and insights from partners and technical expertise in the field, as well as the the United Nations Framework Convention on Climate Change NAP guidance. The good practices form the basis of the criteria that are used by the Secretariat when reviewing new proposals and are specified as an annex in the GCF readiness guidebook. Sharing these review criteria in a transparent manner aims to support NDAs/FPs and their readiness delivery partners to strengthen the quality of proposals by: (ii) clarifying expectations about what the Secretariat is looking for; (iii) enabling focused discussion on areas for strengthening proposals; (iv) sharing knowledge and transferring technologies for adaptation planning based on a coherent set of quality considerations; and (v) improve the efficiency and timeliness of the Secretariat's interdivisional review;
- (c) Discussions have been held at different levels between the Secretariat and accredited entities who are serving as the most common delivery partner for countries' adaptation planning proposals. A common focus of these discussions has been on identifying and stressing the importance of consistently using good practices, even if this limits the number of proposals, and implementation thereof that any one delivery partner can successfully support at a given time;
- (d) The Secretariat has strengthened the articulation of how GCF's adaptation planning support builds from country programming and contributes to the design of high-impact and transformative funding proposals, at times with the support of the PPF. For example, the Secretariat is aiming to help to strengthen the project pipeline from direct access entities by building partnerships to tap technical expertise for assisting in the design of project concepts and PPF requests that build directly from adaptation planning support;
- (e) In-person interaction and technical support to NDAs and readiness delivery partners has increased since the eighteenth meeting of the Board and is planned to continue in 2018. For example, a technical clinic on adaptation planning good practices in the context of GCF was held at the twenty-third session of the Conference of the Parties, and attended by over 100 people, including over 60 NDAs/FPs and other government officials, and many current and potential delivery partners;
- (f) The Secretariat is ensuring that NDAs/FPs are aware they have the option of phasing multiple adaptation planning proposals to the GCF over time. This is to enable iterative stages of increasingly sectoral or local planning, potentially with different delivery partners to access the most relevant and targeted technical expertise; and
- (g) The timeliness of reviewing and providing feedback to NDAs/FPs and delivery partners for adaptation planning proposals has significantly increased since June 2017. The time the Secretariat is taking to provide a first round of feedback on adaptation planning oriented readiness proposals has decreased from a range of two to six months to one to two months. In future, six weeks from submission is a realistic expectation for NDAs/FPs to receive substantive interdivisional review on their proposals. Similarly, the time the Secretariat takes to provide further feedback on subsequent resubmissions has decreased from one to three months to one to three weeks. Specific ways in which the

Secretariat has improved the timeliness of reviewing adaptation planning proposals include clarifying the Secretariat's review process to provide interdivisional review prior to a Readiness Working Group decision, thereby improving consistency of feedback to NDAs/FPs and delivery partners. It is important to note that in addition to the pace of Secretariat review, a further factor in the time it takes from submission to approval depends on the quality of the initial proposal and its subsequent resubmissions, as well as the amount of time a proposal is with an NDA pending resubmission following written feedback support from the Secretariat.

4. Building on progress achieved so far, the Secretariat is envisaging further developments in the implementation of the Readiness Programme in 2018 and beyond. The envisaged improvements will involve three levels: volume, timeliness and quality:
 - (a) Volume: currently, the average of non-adaptation planning oriented readiness resources being accessed by countries is USD 400,000. Many countries are working strategically to improve their access to readiness resources in a manner to maximize their USD 1 million allocation cap. The Secretariat will continue to effectively manage the anticipated growth in the number and volume of readiness requests and corresponding disbursements;
 - (b) Timeliness: currently, the total average time for processing non-adaptation planning readiness requests is around five months for countries supported by international accredited entities that have signed a readiness framework agreement with the GCF and six months for countries accessing either through the NDA directly or via a national entity. Improvements could reduce the approval process to a maximum of three months (-40 per cent) for countries accessing through international entities and to four months (-33 per cent) for national or direct access; and
 - (c) Quality: to enhance the quality of requests, the Secretariat will work on the two following leverage points: broader direction and incentives to increase strategic NDA/FP and accredited entity cooperation; and enhanced NDA/FP engagement initiatives, including mobilizing additional assistance to enhance national-level expertise in developing clearer climate baselines, enhancing the understanding of climate finance and the role of the private sector, among others.

Annex V: Status of adaptation planning proposals as at 31 January 2018

No	Country	Delivery partner	Amount	Status
1	Liberia	UNDP	USD 2,263,467	Approved
2	Nepal	UNEP	USD 2,935,350	Approved
3	Antigua and Barbuda	Ministry of Health and Environment	USD 3,000,000	Approved
5	Pakistan	UNEP	USD 3,000,000	Approved
4	Colombia	Fondo para la Acción Ambiental y Niñez (FONDO ACCIÓN)	USD 2,683,964	Approved
6	Uruguay	UNDP	USD 2,735,615	Approved
7	Democratic Republic of the Congo	UNDP	USD 1,397,000	Approved
8	Kenya	FAO	USD 3,000,000	Approved
9	Niger	UNDP	USD 2,997,282	Approved
10	Argentina	UCAR	USD 2,992,6042	Endorsed by interdivisional committee pending final conditions and approval
11	Bangladesh	UNDP	USD 2,805,990	Endorsed by interdivisional committee pending final conditions and approval
12	Bosnia and Herzegovina	UNDP	USD 2,594,812	Endorsed by interdivisional committee pending final conditions and approval
13	Dominican Republic	UNEP	USD 2,968,104	Endorsed by interdivisional committee pending final conditions and approval
14	Mauritania	UNEP	USD 2,715,000	Endorsed by interdivisional committee pending final conditions and approval
15	Mongolia	UNEP	USD 2,890,947	Endorsed by interdivisional committee pending final conditions and approval
16	Swaziland	UNEP	USD 2,276,359	Endorsed by interdivisional committee pending final conditions and approval
17	Zimbabwe	UNEP	USD 2,862,350	Endorsed by interdivisional committee pending final conditions and approval



18	Armenia	UNDP	USD 2,998,438	Pending resubmission by NDA based on Secretariat feedback
19	Bhutan	UNDP	USD 3,000,000	Pending resubmission by NDA based on Secretariat feedback
20	Costa Rica	UNEP	USD 2,594,390	Pending resubmission by NDA based on Secretariat feedback
21	Côte d'Ivoire	UNDP	USD 2,999,782	Pending resubmission by NDA based on Secretariat feedback
22	Dominica	Department of Environment, Antigua and Barbuda	USD 3,000,000	Pending resubmission by NDA based on Secretariat feedback
23	Ecuador	UNDP	USD 3,000,000	Undergoing interdivisional review by the Secretariat
24	Honduras	UNEP	USD 2,487,435	Pending resubmission by NDA based on Secretariat feedback
25	Madagascar	UNDP	USD 2,994,276	Pending resubmission by NDA based on Secretariat feedback
26	Malawi	UNEP	USD 2,814,021	Undergoing interdivisional review by the Secretariat
27	Mali	Sahel Eco	USD 2,557,357	Pending resubmission by NDA based on Secretariat feedback
28	Myanmar	UNEP	USD 2,850,000	Pending resubmission by NDA based on Secretariat feedback
29	Serbia	UNDP	USD 2,999,528	Pending resubmission by NDA based on Secretariat feedback
30	Sudan	FAO	USD 2,796,750	Pending resubmission by NDA based on Secretariat feedback
31	Tanzania (United Republic of)	UNDP	USD 3,000,000	Pending resubmission by NDA based on Secretariat feedback
32	Uzbekistan	UNDP	USD 2,994,607	Pending resubmission by NDA based on Secretariat feedback



33	Benin	UNDP	USD 2,916,514	Undergoing interdivisional review by the Secretariat
34	Cameroon	UNEP	USD 2,758,000	Pending resubmission by NDA based on Secretariat feedback
35	Guatemala	Rainforest Alliance	USD 2,828,069	Pending resubmission NDA based on Secretariat feedback
36	Ghana	UNEP	USD 2,992,847.83	Undergoing interdivisional review by the Secretariat
37	Lesotho	UNEP	USD 2,998,725	Undergoing interdivisional review by the Secretariat
38	Nigeria	UNEP	USD 2,934,730	Undergoing interdivisional review by the Secretariat
39	Papua New Guinea	UNDP	USD 2,646,500	Undergoing interdivisional review by the Secretariat
40	Seychelles	UNEP	USD 2,642,778	Undergoing interdivisional review by the Secretariat
41	Gabon	CDC-Gabon	USD 968,500	Undergoing interdivisional review by the Secretariat
42	Albania	UNDP	USD 2,997,007	Pending 1 st resubmission of NDA based on Secretariat feedback
43	Egypt	UNDP	USD 2,811,414	Pending 1 st resubmission of NDA based on Secretariat feedback
44	Iraq	UNEP	USD 2,692,450	Pending 1 st resubmission of NDA based on Secretariat feedback
45	Mauritius	TBD	USD 2,034,800	Pending resubmission by NDA based on Secretariat feedback
46	Montenegro	UNDP	USD 2,997,606	Pending 1 st resubmission of NDA based on Secretariat feedback
47	South Sudan	UNEP	USD 3,000,000	Pending 1 st resubmission of NDA based on Secretariat feedback

Abbreviations: UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, FAO = Food and Agriculture Organization of the United Nations, UCAR = Unit for Rural Change, TBD = to be determined