



**GREEN
CLIMATE
FUND**

Meeting of the Board
10 – 12 March 2020
Geneva, Switzerland
Provisional agenda item 12(b)

GCF/B.25/08

26 February 2020

Policy on programmatic approaches

Summary

This document sets out a policy on the programmatic approach of GCF to funding proposals, including a definition and principles of a programme, considerations for preparing programmatic funding proposals and related subprojects, and process-related aspects for submission, review and approval of appropriate programmatic proposals.

Table of Contents

I.	Introduction	1
II.	Policy rationale	2
III.	Analysis of approved programmes	2
IV.	Impact assessment	9
V.	Implementation arrangements	9
VI.	Monitoring and review	9
VII.	Recommended action by the Board	10
	Annex I: Draft decision of the Board	11
	Annex II: Programmatic approach policy	12
	Annex III: Potential additional programmatic modality that can be developed and explored for future consideration of the Board	17
	Annex IV: Previous consultations	19
	Annex V: Review of the programmatic approach of other institutions	20

I. Introduction

1.1 Purpose

1. This paper sets out a policy on the approach of GCF to programmatic funding proposals, including the definition and principles of a GCF programme, requirements for the submission of programmatic funding proposals and their subprojects, and process-related aspects for submission and approval.
2. To date, nearly half of the funding committed by GCF has been in the context of programmes (see section II). However, GCF does not currently have a policy approach to guide the preparation, review and approval of programmatic funding proposals. Setting the policy and providing guidance would help various stakeholders – including accredited entities (AEs), national designated authorities (NDAs) and focal points, the independent Technical Advisory Panel (TAP), and the Secretariat – in developing and appraising transformative programmes that advance national priorities in climate change.

1.2 Mandate and objective

3. Paragraph 36 of the Governing Instrument for the GCF states: “The Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities.”
4. In decision B.07/03, paragraph (e), the Board noted convergence on the need to consider, among other items, the initial proposal approval process for regional programmes and projects.
5. At the thirteenth meeting of the Board, discussions on the programmatic approach issue took place during the informal and formal sessions regarding ensuring country ownership; ensuring access by direct access entities (DAEs); avoiding any potential precedence-setting in relation to new allocation parameters for programmatic approaches; devolved authority for decision-making on funding allocation; level of detail required for designing programmatic approaches; and the difference in interpretation and understanding of what a programmatic approach is. The Board took note of document GCF/B.13/18 titled “Programmatic approach to funding proposals”, but no decision was taken.
6. In decision B.14/07, paragraph (k), the Board took note of the views expressed on programmatic proposals, including those related to the need to seek a balance of national, regional and international programmes. The Board also requested the Co-Chairs to continue to consult on the programmatic approach with a view to conclude the policy guidelines for a programmatic approach for consideration at the fifteenth meeting of the Board, noting that approvals on programme proposals at the fourteenth meeting of the Board do not prejudice the Board’s consideration of these policy decisions.
7. Since the twenty-first meeting of the Board, the draft policy on programmatic approach has been presented to the members and alternate members of the Board for consultation (see annex IV for key past comments). Further clarifying the Fund’s programmatic approach was also one of the recommendations in the Replenishment Summary Report, which the Board agreed under Decision B.24/02 to further consider in conjunction with items on its work plan.

1.3 Scope

8. This paper reviews the use of programmes in GCF to date in the context of funding proposals and the updated project and programme cycle (decision B.17/09). It also reviews the practices of other climate funds (see annex V) with regard to programmatic approaches and the lessons learned in some of those contexts. Finally, it suggests a definition for a programme, and possible broad policy guidance and submission requirements that could be used by GCF stakeholders to prepare programmes that are aligned with the GCF investment framework as well as with specific GCF goals and strategies.

II. Policy rationale

9. There is a broad range of benefits that programmes have been demonstrated to deliver, and well-developed programmes can advance several key goals of GCF and the Board:

- (a) Programmes can more strategically address aspects of climate change that may benefit from a multidimensional approach. They can be designed to produce broader and more sustainable results than stand-alone projects do;
- (b) Programmes can facilitate easier access to funding for developing country beneficiaries, through devolving to AEs the ability to channel funding to subprojects which meet programme criteria;
- (c) The establishment of a common programme management and results structure will lead to reduced transaction costs when compared with one-off projects that generally require independent establishment and maintenance;
- (d) Programmes provide enhanced scope for catalysing and scaling action; related replication spurs concentrated learning that can be fed back into new projects, facilitating increased efficiency and innovation through a programme's life cycle; and
- (e) Programmes have the potential to more fully leverage the capacity of GCF to provide a range of grant and non-grant instruments and the diverse strengths of different partners to support paradigm shifts by creating umbrellas for collaboration in areas where multiple entities are currently programming in a less coordinated way.

10. The approach proposed in this document is also connected to country programming in the first replenishment period of the GCF (GCF-1). As GCF seeks to encourage countries to programme their climate priorities over the next several funding cycles, it is possible that programmatic funding proposals could emerge from investment programmes identified by countries or regions that stage the investments needed to deliver priorities identified in countries' nationally determined contributions, adaptation communications and NAPs and shift them towards 2030 or 2050 low-emission/climate resilient pathways.

11. The ability of programmes to deliver these benefits, and more, will depend on the establishment of clearly articulated goals and requirements for programmatic approaches on the one hand, and the scope that is provided for innovation in the effort to drive scalability and transformation on the other.

III. Analysis of approved programmes

3.1 Overview of past GCF programmes

12. At its eleventh meeting, the Board took its first funding decisions, and, since that time, USD 5.2 billion has funded 111 projects/programmes in 109 developing countries. The Secretariat has analysed the GCF portfolio to assess the experience of GCF to date with programmes for this paper.

13. Point 1.2 of the project or programme submission template requests submitters to self-select whether a proposal is a project or a programme. Although 29 approved funding proposals were submitted as programmes by the AEs, the analysis found that there have been 27 programmes as per the modalities set out in this document.

Table 1: Approved programmes since the eleventh meeting of the Board

#	Funding proposal	Name of the programme	Accredited entity	Type(s) of programmes				
				Multi-sector	Multi-country	Multi-instrument co-financing	Multi-instrument GCF funding	Multi-AE
1	SAP004	Energy Efficient Consumption Loan Programme	XacBank	✓		✓	✓	
2	FP114	Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana	AfDB	✓		✓	✓	
3	FP106	Embedded Generation Investment Programme (EGIP)	DBSA			✓		
4	FP105	Climate Finance Facility to Scale Up Solar Energy Investments in Francophone West Africa LDCs	BOAD		✓	✓	✓	
5	FP104	Nigeria Solar IPP Support Program	AFC			✓		
6	FP099	Climate Investor One	FMO		✓	✓		✓
7	FP098	DBSA Climate Finance Facility	DBSA	✓	✓	✓	✓	
8	FP097	Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)	CABEI	✓	✓		✓	
9	FP096	DRC Green Mini-Grid Program	AfDB			✓	✓	
10	FP095	Transforming Financial Systems for Climate	AFD	✓	✓	✓	✓	
11	FP092	Programme for integrated development and adaptation to climate change in the Niger Basin	AfDB	✓	✓	✓	✓	✓
12	FP086	Green Cities Facility	EBRD	✓	✓	✓	✓	
13	FP081	Line of Credit for Solar rooftop segment for commercial, industrial and residential housing sectors	NABARD			✓		✓
14	FP080	Zambia Renewable Energy Financing Framework	AfDB			✓	✓	
15	FP078	Acumen Resilient Agriculture Fund (ARAF)	Acumen	✓	✓	✓	✓	
16	FP064	Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments	IDB	✓		✓	✓	✓
17	FP063	Promoting private sector investment in energy efficiency in the industrial sector in Paraguay	IDB			✓	✓	✓
18	FP048	Low Emissions and Climate Resilient Agriculture Risk Sharing Facility	IDB	✓	✓	✓	✓	✓

#	Funding proposal	Name of the programme	Accredited entity	Type(s) of programmes				
				Multi-sector	Multi-country	Multi-instrument co-financing	Multi-GCF funding instrument	Multi-AE
19	FP047	GCF-EBRD Kazakhstan Renewables Framework	EBRD			✓	✓	
20	FP039	GCF-EBRD Egypt Renewable Energy Financing Framework	EBRD			✓	✓	
21	FP038	GEEREF NeXt	EIB	✓	✓		✓	✓
22	FP036	Pacific Islands Renewable Energy Investment Program	ADB	✓	✓			
23	FP028	MSME Business Loan Program for GHG Emission Reduction	XacBank	✓			✓	
24	FP027	Universal Green Energy Access Programme (UGEAP)	Deutsche Bank		✓		✓	
25	FP025	GCF-EBRD Sustainable Energy Financing Facilities	EBRD	✓	✓	✓	✓	✓
26	FP020	Sustainable Energy Facility for the Eastern Caribbean	IDB		✓	✓	✓	✓
27	FP005	KawiSafi Ventures Fund	Acumen	✓	✓	✓	✓	

Abbreviations: Acumen = Acumen Fund, Inc., AFD = Agence Française de Développement, AfDB = African Development Bank, ADB = Asian Development Bank, AFC = Africa Finance Corporation, BOAD = Banque Ouest Africaine de Developpement, CABI = Central American Bank for Economic Integration, CAF = Coporacion Andina de Fomento, DBSA = Development Bank of Southern Africa, Deutsche Bank = Deutsche Bank Aktiengesellschaft, DRC = Democratic Republic of Congo, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., IDB = Inter-American Development Bank, LDCs = least developed countries, MSME = micro, small and medium-sized Enterprises, NABARD = National Bank for Agriculture and Rural Development.

3.2 Analysis of GCF programmes

14. In preparation for the development of this policy, the Secretariat has analysed activities as programmes on the basis of their funding, typology, implementing entity, sectoral and geographic coverage, disbursement profile, and the broad modality that was used in their development.

3.2.1 Overall funding

15. The 27 approved proposals submitted as programmes account for approximately USD 2.4 billion in GCF funding, or approximately 46 per cent of total GCF project/programme commitments.

3.2.2 Typology

16. While AEs have self-identified 27 proposals as programmes, differences were observed in the naming protocol used by the AEs and NDAs. Regardless of the indication provided in point 1.2 of the proposal submission form, only nine of the submissions included the word “programme” in their title. In contrast, six of the interventions were titled as “facilities”, four as “investments”, three as “frameworks” and two as “funds”, with the remaining three having names that were somewhat vague in nature. In addition, beyond the 27 self-identified programmes, an additional three activities that were approved as projects envisioned

subprojects in multiple countries. Depending on the future definition of a programme, these could be classified as programmes as well.

17. Programmes can also be categorized in several other ways. Specifically, 21 of the 27 programmes approved to date have been categorized as private sector activities. In addition, 14 of the approved programmes were single country/national programmes and 15 were multi-country programmes. Of the 15 multi-country proposals, 13 were regional in nature, with only two appearing to cover countries beyond one GCF region. Programmes can also be categorized relative to results areas: 13 programmes focused on action in just one result area and 14 programmes envisioned subprojects spanning multiple results areas, with nine of the 15 multi-results area programmes spanning three or more results areas.

18. With regards to instruments in both GCF funding and counterpart co-financing, 26 of the 27 programmes approved to date have relied on more than one instrument and 8 have used more than two. Specifically, 14 programmes included an equity component, 25 a grant component, 20 a loan component, one a guarantee component and four a partner instrument in the “other” category. In terms of co-financing, the USD 2.4 billion in GCF funding on programmes leveraged an additional USD 6.8 billion in co-financing.

19. Another variable that could be considered is the level of delegation provided to AEs to approve future subprojects and the role of the Secretariat and/or the Board. For example, in many of the approved programmes, the AE is delegated with the authority to approve future projects in accordance with either the GCF investment criteria or with additional criteria included in the programme submission. In other programmes, the Secretariat is given the ability to review an operations manual outlining the selection criteria; then the AE approves subprojects consistent with the agreed manual and without the need for Secretariat or Board review of the underlying projects.

20. A final variable that could be considered is the number of partners envisioned in an approved programme. While all programmes approved to date except one have had a single AE, many have listed several partners and more than one executing entity (EE) – including but not limited to – local banks.

3.2.3 Coverage

21. The programmes approved through B.23 cover 33 African States (63 subprojects), 23 small island developing States (29 subprojects), and 17 least developed countries (19 subprojects) as well as 22 countries outside of those groups (34 subprojects).

3.3 Lessons learned from the existing portfolio of approved programmes and development modalities

22. Programmatic approaches have been crucial in delivering some of the key transformational initiatives of GCF to developing countries. This section reviews the lessons learned through experience and denotes various degrees of success in implementation that have chiefly been dependent on the type of programme supported. Those programmes are classified into four modalities as detailed below.

3.3.1 Modality 1: Single accredited entity/single country modality¹

¹ Single country/single AE programmes have included: FP028: XacBank, Mongolia; FP039: EBRD, Egypt; FP047: EBRD, Kazakhstan; FP080: AfDB, Zambia; FP081: NABARD, India; FP104: AFC, Nigeria; FP106: DBSA, South Africa; FP114: AfDB, Ghana; and SAP004: XacBank, Mongolia.

23. Ten of the 27 GCF programmes approved through B.23 have been single entity/single country programmes. The AEs have typically structured these programmes around one to two financial instruments of GCF – grant for policy de-risking and/or concessional debt. Single entity/single country programmes have been successful in going through the GCF approval process because they are proposed with a defined framework, and the target country has already provided a no-objection letter (NOL) in a timely manner prior to Board approval. As a consequence, there are several examples of this approach leading to fast disbursement. The average time from Board approval to first disbursement for this modality was around 11.5 months.

24. In addition, although these programmes have also scored well on impact potential in addressing one specific performance area, such as low carbon emissions or energy efficiency, in a given country and at scale, this has not been the case in other performance areas, leading to the conclusion that they may be impactful but may not necessarily be transformational. While some of these programmes may seem to support technologies or modalities that are considered standard in some countries, their demonstration value is expected to promote the mainstreaming of these impactful investments in and beyond the target countries.

25. Experience suggests that there is scope for the Secretariat to continue to enhance its interventions in this area by focusing its attention on the transformational aspects as well as the additionality of GCF intervention in programmes.

3.3.2 Modality 2.1: Single accredited entity/multiple country modality²

26. The Board has approved nine single entity/multiple country programmes. Although all of these programmes are under implementation, many single entity/multiple country programmes have faced challenges associated with the requirements to collect upfront NOLs from all of the countries that may participate in the programme. For some of these programmes, it has taken entities one to two years to gather NOLs before submission to the Board for approval.

27. This problem could be obviated and execution could be accelerated if there was a clearer and more efficient mechanism for adding countries with NOLs to programmes subsequent to Board approval, where such countries were originally envisioned to be part of the multi-country programme.

28. Experience with the single entity/multiple country modality also suggests that there is a need to define subproject development periods. As many of the subprojects within programmes of this type are spread over a long period of time, the programme might not achieve its intended impact potential if an extended period of subproject development results in changes in market conditions or reduced demand in target countries. Adding a requirement that proposals specify the duration for programme subproject development prior to Board approval may alleviate this risk.

29. Finally, while flexibility to address country needs is important, experience suggests there is a need to articulate minimum eligibility criteria for programmes. Such criteria could help both NDAs and AEs in identifying target partners and considering appropriate management structures.

² Single entity/multiple country programmes have included: FP005: Acumen, Kenya/Rwanda; FP027: Deutsche Bank, Africa (5); FP036: ADB, Asia (7); FP078: Acumen, Africa (3); FP086: EBRD, EE (4), Asia (3), Africa (2); FP095: AFD, Africa/LAC (17); FP097: CABEL, LAC (7); FP098: DBSA, Africa (4); and FP105: BOAD, Africa (6).

3.3.3 Modality 2.2: Single accredited entity/multiple executing entities modality³

30. This modality, which also applies to projects and not exclusively to programmes, allows multiple entities to collaborate in a GCF programme. In this modality, one entity acts as the AE and others as EEs. This approach has been applied in both single and multi-country contexts and brings broader expertise to relevant programmes. Early experience with some of these programmes suggests that the GCF fee structure, which provides the primary AE with an exclusive right to AE fees plus capped project management costs, may deter multiple EEs from implementing all the key obligations required with all GCF projects.

31. Some concerns have also been expressed about smaller entities using larger entities to enable them to go beyond their original GCF accreditation scope. In addition, although international AEs are required to report annually on how they intend to strengthen the capacities of, or otherwise support, potential DAEs to meet the accreditation requirements of GCF,⁴ experience shows that DAEs still face capacity constraints to work as EEs in large programmes.

32. Single AE/multiple EE programmes approved to date vary in complexity. Three programmes (FP092, FP048 and FP025) cover multiple sectors and countries, use multiple financial instruments, and include multiple partners. These complex four-dimension programmes took considerable time to design and structure before coming to the Board for approval, and potential challenges during implementation arising from their complexity will have to be closely monitored.

3.3.4 Modality 3: Multiple accredited entities modality

33. The multiple AE modality enables a project or programme to be co-implemented by two AEs. For GCF to fulfil its mandate in fostering transformative changes, it must be able to leverage and integrate the diverse strengths of its AEs. This capacity could be particularly valuable for transformational and cross-cutting initiatives that support both mitigation and adaptation impact areas – using all necessary GCF grant and non-grant instruments. For example, the impact of a project designed to de-risk renewable energy investments could be higher if combined with another project promoting the actual renewable energy investments.

34. While modality 3 has significant potential, to date there is only one example of this modality being applied in the GCF portfolio (FP026, Madagascar). It was identified by the AEs to be a project, and experience was mixed. Notably, the project faced complexity in the development of a single funded activity agreement for two AEs. Experience to date has highlighted the need to clarify this modality to ensure that the failure of one partner would not lead to the failure of the whole project or programme.

35. Finally, under this modality while there will be separate project-related roles and responsibilities for each AE that is co-implementing parts of the project or programme, there is also a need for a coordinating AE to be responsible for the overall management of the programme, including coordination between programme partners and holistic reporting on the project or programme progress, results and learning.

3.3.5 Lessons learned from the use of programmes in other comparable organizations

36. While the Global Environment Facility has its own unique guidance for the use of programmes, a 2018 evaluation of their programmatic approach included some findings that

³ Multi-country funding proposals have included: FP020: IDB, 1 EE; FP025: EBRD, >2 EEs; FP038: EIB, >2 EEs; FP048: IDB, >1 EE; FP092: AfDB, 1 EE; and FP099: FMO, 4 EEs. Single-country funding proposals include: FP063: IDB, 1 EE; FP064: IDB, 1 EE; FP081, NABARD, 1 EE, and FP 092: AfDB, 1 EE.

⁴ Decision B.10/06, paragraph (i).

may be instructive in the GCF context. (see Annex V) On the positive side, the evaluation found that individual projects under programmatic approaches performed better than stand-alone projects that are not part of programmes. The evaluation also highlighted that programmes represent a shift towards a more integrated systemic approach to address the broad drivers of environmental problems. Finally, it noted that alignment of programme support with country priorities has generated strong programme ownership. In terms of challenges, the evaluation noted that complexity and project heterogeneity are slightly negatively correlated with outcomes. It also noted that cost-effectiveness and efficiency may decline as programmes become more multidimensional. Finally, it noted the importance of clear roles for partners in programme design, and the benefits of a clear demonstration of additionality of a programme over projects.

3.4 Ideal elements for a GCF programmatic approach

37. Considering the above and taking into account past Board discussions on this issue, there are a number of elements that can be considered in the establishment of a GCF policy on programmatic approaches, as follows:

- (a) Programmes should be country-driven through observance of NOL procedures and alignment with national priorities;
- (b) Modalities should be developed to accelerate implementation and ease the access to resources for developing countries;
- (c) Programmatic approach modalities should be developed to foster collaboration among multiple AEs and to promote scale and maximize impact, but at the same time the modalities should address issues that are likely to impede outcomes, performance, efficiency and management. Notably, programmes should incentivize an AE to play a coordinating role for multi-agency initiatives;
- (d) Programmes should have an overall environmental and social risk category and a due diligence framework that will govern how the subprojects will be able to meet the requirements of the environmental and social safeguards and relevant policies of GCF;
- (e) Programmes should implement coordination, monitoring and evaluation at the programme level, and clearly demonstrate the additionality of the programme over projects;
- (f) Programmes should articulate clearly defined minimum eligibility criteria prior to approval;
- (g) Programmes should have clearly defined implementation periods prior to approval so that programme implementation is not excessively long; and
- (h) Programmes should include agreed disbursement conditions so that GCF only advances funds where the programme is more certain of utilizing those funds.

3.5 Proposed improvements

38. In overview, proposed improvements to current practice that would facilitate the implementation of programmatic approaches include:

- (a) Prior agreement of sub-project selection criteria to improve speed of implementation;
- (b) Clarification of a mechanism for efficiently allowing new countries that provide NOLs to be added to programmes involving multiple countries after Board approval (to be considered by the Board at its twenty-fifth meeting); and

(c) Clarification of the multiple accredited entities programming modality as follows to facilitate coordinated programming collaborations between accredited entities with different strengths:

- (i) The coordinating AE submits a programmatic funding proposal to provide an overarching umbrella;
- (ii) A coordination, monitoring and reporting plan is funded by GCF to enable coordination, monitoring and reporting at the programme level; and
- (iii) Separate subprojects aligned with the programme by various AEs are approved by the Board at various times.

IV. Impact assessment

39. This policy is not expected to have additional resourcing implications for the Board, Secretariat or independent TAP. Although the processing timelines may vary depending on the programme, it will not have any material impacts.

40. This policy does not impact the implementation of any existing Fund policies. However, as set out in paragraph 9 of the proposed policy, the implementation details and guidelines on various operational elements will be developed by the Secretariat. Subject to and on the basis of such guidelines and requirements, existing templates including the legal agreement templates may need to be updated.

41. NOL requirements for programmes (including any changes post-approval) will be in line with GCF policies including the guidelines for enhanced country ownership and country drivenness, initial no-objection procedure and policy on restructuring and cancellation, as updated from time to time.

42. This policy is linked to the Board's parallel consideration of a mechanism for efficiently allowing new countries, by providing NOLs, to be added to programmes involving multiple countries after Board approval.

V. Implementation arrangements

43. The implementation of a programmatic funding proposal under the first modality and the implementation of subprojects under the second and third modalities of this policy do not have material additional implications for the existing legal arrangement, such as the accreditation master agreement and funded activity agreement, except that the AEs participating in a programme (under modalities 2 and 3) will have additional obligations to report to a coordinating AE in addition to the regular reporting requirements. In such case, the existing legal agreement templates may need to be updated to reflect such obligations.

44. If a programme is approved under the second or third modality where an AE is responsible for the programme coordination, monitoring and reporting plan (PCMRP), the legal basis for the engagement of the AE for the implementation of the PCMRP will need to be determined. It is expected that the coordinating AE under the PCMRP will provide programme development, coordination, monitoring and reporting services.

45. The policy will come into effect on programmatic funding proposals submitted to the Board from its twenty-seventh meeting onwards and the Secretariat will develop a new programmatic funding proposal template and implementation guidance according to the current practice of template updating period.

VI. Monitoring and review

46. As per decision B.24/04, this policy will be reviewed in the third year of its implementation as part of an overall policy review.

VII. Recommended action by the Board

47. It is recommended that the Board adopt the draft decision set out in annex I to this document.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.25/08 titled “Policy on programmatic approaches”:

- (a) Adopts the programmatic approach policy set out in annex II (“Policy”) to apply to programmatic funding proposals submitted to the Board from its twenty-seventh meeting onwards;
- (b) Requests the Secretariat to develop implementation guidance and/or templates for the Policy and to update such guidance as necessary based on feedback from consultations with accredited entities, national designated authorities/focal points and other stakeholders;
- (c) Also requests the Secretariat to further develop, with a view to incorporate to the Policy, the additional programmatic modality set out in annex III or further modalities as considered by the Secretariat to be necessary, and submit this for consideration of the Board at its twenty-sixth meeting;
- (d) Further requests the Secretariat to design a capacity-building programme, as part of the Readiness and Preparatory Support Programme, to support direct access accredited entities to enable the implementation of the policy alongside their reporting and evaluation requirements; and
- (e) Recalls decision B.17/09, paragraph (h), which requests the Secretariat to present to the Board implementation challenges identified in the application of the initial proposal approval process, including policy matters identified during the Secretariat’s assessment of funding proposals, for the Board’s consideration at the earliest opportunity, including information on budgetary considerations.

Annex II: Programmatic approach policy

I. Objective, definition and principles

1.1 Objective and application

1. The objective of the programmatic approach is to increase the potential for transformational impact and to broaden and increase speed of access to GCF resources for developing countries.
2. This policy sets out the principles and framework for the GCF programmatic approach to support climate change mitigation and adaptation action more effectively and efficiently, and to support developing countries in accordance with their climate change strategies and the strategic plan of the GCF.

1.2 Definition of programme

3. A programme is defined as a set of interlinked individual “**subprojects**” unified by an overarching vision, common objectives and a contribution to strategic goals. GCF programmes could be of various scopes, including “**thematic**” or “**sectoral**” as well as “**geographic**” or “**regional/global**”, or a combination of these.
4. “Thematic” or “sectoral” programmes can be defined following the GCF results areas as well as according to economic sectors defined by a country(ies) or region(s). “Geographic”, or “regional/global”, programmes can involve coverage within a country, in several countries simultaneously or through results-based modalities and/or across a region in addressing common resources or issues that extend beyond provincial or national boundaries. “Global” programmes can cover several countries across several regions. They can be categorized broadly under a variety of titles such as: frameworks, facilities, funds and investments.

1.3 Key principles

5. The following key principles should be considered in the development, review, approval and implementation of a programme or subprojects under a programme:
 - (a) **Respond to country/regional needs and national/regional priorities:**
 - (i) A programme being considered by GCF for funding should be aligned with the country(ies) programming priorities, and plans should address the needs of the recipient;
 - (ii) A programme should demonstrate an inclusive governance structure that embraces strong support from all participating governments and other key stakeholders for taking a programmatic approach; and
 - (iii) A programme should allow all relevant stakeholders to actively participate as per the GCF monitoring and accountability framework;
 - (b) **Promote ease of access by countries to the GCF resources:**
 - (i) Programmes should allow ease of participation of countries and accelerated action towards implementation; and
 - (ii) Programmes should be predictable and transparent in terms of an indicative range of potential allocation to each participating country, and the timing of the start of subprojects;

- (c) **Facilitate cooperation among multiple accredited entities (direct access and international access entities), and support the use of diverse financial instruments, as necessary, to achieve their objectives:**
- (i) Programmes should encourage the participation of both direct access and international entities with varied accreditation scope to create scale and effectiveness while abiding by the accreditation scope of the entity;
- (d) **Add significant value relative to a project (or series of projects):**
- (i) A programme should add significant value relative to a series of one-off projects, and the benefit(s) of taking the programmatic approach should be evident;
 - (ii) There should be a strong rationale that a programmatic approach will enhance outcomes of the GCF investments relative to the project-based approach. The programme thereby takes on value greater than the sum of its parts (subprojects);
 - (iii) The programme's added value could be in the form of increased cost efficiency, higher implementation effectiveness, greater impact, deeper integration across sectors or countries, or other outcomes;
 - (iv) The programmatic approach should demonstrate a greater likelihood of promoting a paradigm shift compared with single projects; and
 - (v) A programme should also have additional benefits in terms of learning and knowledge generation, which can be captured in the programme's coordination, monitoring, reporting and evaluation arrangements;
- (e) **Address common and specific objectives – the following objectives should be considered among those that might be applicable:**
- (i) A programme should address a specific issue or opportunity in the climate mitigation and/or adaptation context; and
 - (ii) Programmes that have broad coverage and are spread across multiple sectors and/or countries should have a clear rationale in response to a specific issue or opportunity;
- (f) **Demonstrate coherence among subprojects:**
- (i) A programme should have a clear linkage, synergy and interdependence among its subprojects or phases, and each subproject should contribute to the common and specific objective(s) of the programme;
 - (ii) Subprojects should complement and/or reinforce each other to achieve outcomes beyond those that could be achieved by GCF support for stand-alone one-off projects;
 - (iii) Subprojects should also maintain coherence in their implementation; and
 - (iv) A programme may be structured so that initial subprojects can be piloted for replication or scaling up through future subprojects;
- (g) **Align with GCF policies:**
- (i) The development, submission, appraisal, approval and implementation of programmatic funding proposals (PFPs) and subproject funding proposals within a programme will be in accordance with the GCF project and programme approval cycle, and all other relevant policies that are in effect;
 - (ii) A programme, as well as its subprojects, should align with GCF policies and requirements, including the environmental and social safeguards, fiduciary

standards, policies on gender, and indigenous peoples, and disclosure requirements; and

- (iii) The programme and subprojects should demonstrate alignment with the GCF results management framework and investment framework, including the investment criteria, sub-criteria and indicative assessment factors.

II. Programmatic approaches: submission, review and approval of a programmatic funding proposal

6. **Accreditation scope:** the accredited entity (AE) submitting a PFP must be accredited to the scope corresponding to the scope of the programme for which it submitted the PFP. The AE submitting a subproject funding proposal under a programme must be accredited to the scope corresponding to the scope of the subproject for which it submitted the funding proposal.

7. **Implementation period:** at the time of submission to the Board, AEs should propose a clearly defined implementation period for programmes to ensure effective and timely implementation.

8. A programme can be submitted by a single AE or multiple AEs under the programmatic approaches set out herein.

9. The Secretariat will develop guidance and detailed requirements for the implementation of the programmatic approaches setting out, among other things, and as relevant, the requirements for:

- (a) Submitting a PFP;
- (b) Programme implementation arrangements and governance structure;
- (c) Selection of executing entities that will be participating in a programme;
- (d) Eligibility criteria for the identification, selection and approval of subprojects;
- (e) Programme coordination, monitoring, reporting and evaluations arrangements among participating AEs and by the coordinating AE, as applicable;
- (f) Analysis of the financial market conditions of each participating country with a justification for the required concessionality; and
- (g) Frameworks for identifying and managing environmental and social risks and impacts, and mainstreaming gender and indigenous peoples' issues, stakeholder engagement, information disclosure at the programme and subproject levels, and grievance redress mechanisms.

2.1. Programmatic funding proposal with a single accredited entity and one-time funding approval

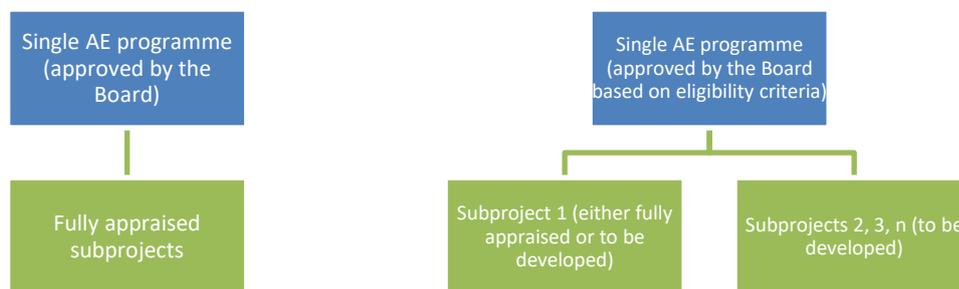
10. Under this approach, an AE may submit a PFP to GCF, and the Board can approve the PFP together with the overall requested funding for the programme at once, subject to the requirements set out below.

11. A PFP may contain subprojects or investments that have been fully developed and appraised at the time of approval.

12. Alternatively, when the PFP cannot fully develop or appraise subprojects or investments at the time of approval, a PFP may contain subprojects or investments that will be developed and appraised at a later stage after Board approval. In such cases, the following requirements will apply:

- (a) The PFP must include programme eligibility and/or investment criteria for, among others, the identification, selection and approval of the subprojects or investments. Such eligibility/investment criteria will be approved by the Board; and
 - (b) The AE has the obligation to undertake all necessary due diligence on the subprojects and/or the investments under the programme, including on environmental and social, gender and indigenous peoples' issues, and based on the outcome, has the authority to approve from the programme's approved funding envelope funding for each subproject or investment that meet approved eligibility/investment criteria.
13. In order to allow AEs to collaborate at the programme level, other AEs may act as executing entities for the subprojects within a programme.

Figure 1: Programmatic funding proposal with a single accredited entity



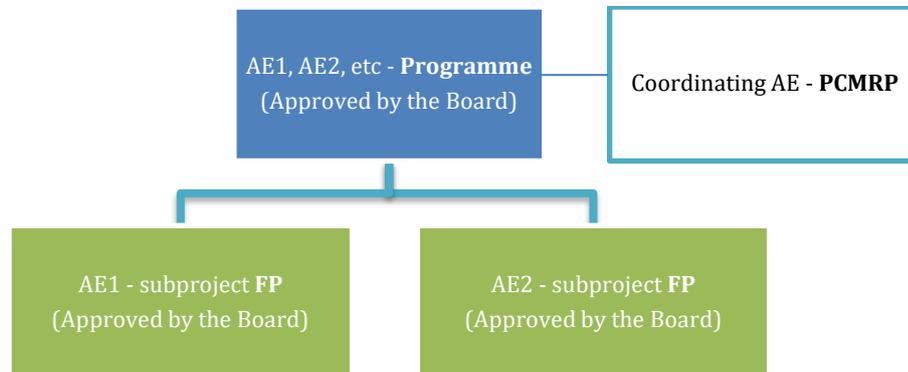
Abbreviations: AE = accredited entity

2.2 Programmatic funding proposal with multiple accredited entities and one-time funding approval

14. Under this approach multiple AEs can develop and submit a joint PFP for a programme under which each participating AE submits a separate funding proposal for the subprojects contained in the programme. At the time of submission of the PFP, all subprojects must be fully developed and appraised by the relevant AE pursuant to the GCF requirements on funding proposals by the relevant AE. The PFP and the subproject funding proposals must be submitted to the GCF for its consideration at the same time.
15. The PFP will provide:
- (a) A complete description of the programme, and programme-level objectives, theory of change, logic framework, outcomes and impact;
 - (b) Programme coordination, monitoring and reporting plan (PCMRP) and budget for the PCMRP;
 - (c) Harmonized application of environmental and social safeguards by developing a common approach that considers the requirements of other AEs while providing the highest level of environmental and social protection required among the parties and meeting the level of protection required by GCF; and
 - (d) A description of relevant linkages and dependencies between the subprojects, as identified by AEs, and a description of implementation risks and risk mitigation measures.
16. Each subproject funding proposal to be submitted by AEs participating in the programme will include, in addition to the standard information and annexes applicable to GCF funding proposals, details of the overarching outcomes, impacts and logic framework which will complement and contribute to the overall objective, theory of change and impact of the overall programme.

17. One AE must be designated as the coordinating AE responsible for programme-level coordination, monitoring, reporting and evaluation to the GCF in accordance with the PCMRP.

Figure 2: Programmatic funding proposal with multiple accredited entities



Abbreviations: AE = accredited entity, FP = funding proposal, PCMRP = programme coordination, monitoring and reporting plan.

18. The Board will approve the PFP together with the subproject funding proposals and the total funding for the programme at once. The Board may decide to approve the PFP together with some of the subproject funding proposals and decline to approve funding for some of the subprojects under the programme.

2.3 Programme coordination, monitoring and reporting plan budget

19. The PCMRP will enable the coordinating AE to organize coordination meetings among potential and participating countries and AEs, develop and monitor the programme, build back lessons learned to ongoing subprojects, and report back to GCF on the programme's achievements.

20. Similar to regular GCF funding proposals, the programme and the PCMRP for the programme will be reviewed together by both the Secretariat and the independent Technical Advisory Panel, and similar assessments will be provided to the Board for its consideration.

21. The PCMRP must be accompanied by an activity-based budget detailing the cost of implementing the plan. The budget will be assessed by the Secretariat based on the roles and responsibilities of the coordinating AE, taking into consideration the programme complexities, including the number of subprojects under the programme, and so on.

22. The fees paid to a coordinating AE under the PCMRP will not duplicate other forms of support provided to the entity, such as technical assistance. While structuring the programme, the coordinating AE shall incorporate synergies and economies of scale in administering and coordinating the programme such that the principles of economy, efficiency and value-for-money are echoed in determining the administrative cost of the programme.

23. Where the coordinating AE also undertakes the role of a project AE in the same programme wherein it would serve as coordinating AE, the coordinating AE must clearly differentiate between its role and responsibilities as a coordinating AE and as an AE, and establish appropriate institutional arrangements, with clear lines of responsibilities and accountabilities.

24. The use of PCMRP costs by the coordinating AE will be subject to reporting and certification in a pre-agreed form and frequency with the GCF Secretariat.

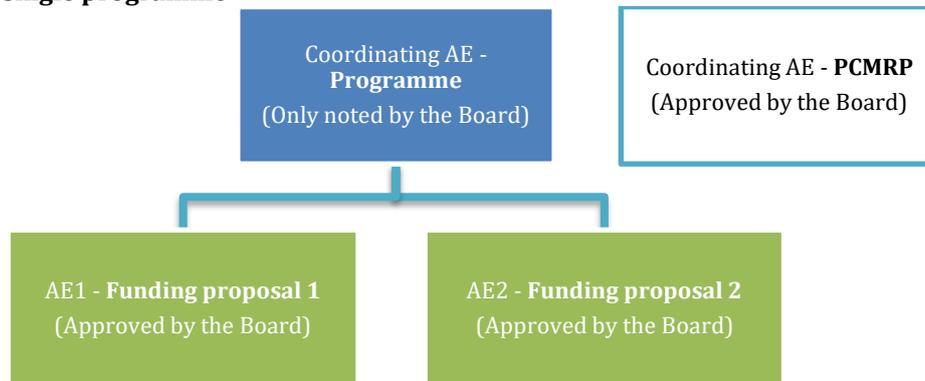
25. Fees paid to any AE that participates in the programme as a subproject AE will follow the principles set out in the GCF policy on fees for accredited entities.

Annex III: Potential additional programmatic modality that can be developed and explored for future consideration of the Board

Programme proposal (PP) with one or multiple accredited entities and without funding approval

1. Under this modality, one AE could develop and submit a PP under which one or more AEs will submit separate funding proposals for designated parts or subprojects of the programme.
2. At the time of submission to GCF, the PP must be accompanied with at least one fully developed subproject funding proposal for consideration and approval by the Board. Unlike the PFP, where a request for funding is included within the submission, the PP will only be noted by the Board. No funding will be approved for the PP.
3. A PP will contain:
 - (a) A programme description, objectives, theory of change, logic framework, outcomes and impact at the programme level;
 - (b) Indicative or potential subprojects and investments that will be undertaken under the programme and an indicative list of countries in which the subprojects and/or investments can be implemented; and
 - (c) A framework that will govern the conduct of due diligence related to environmental and social safeguards, and the policies on gender and indigenous peoples. Such framework will reflect the common approach by the participating AEs to reduce overlaps in subproject requirements.
4. Together with the PP, the AE must submit a separate PCMRP and budget for implementing the PCMRP. The PCMRP will be approved by the Board.
5. At the time of or after the submission of the PP and the PCMRP, other AEs participating in the programme can submit separate funding proposals corresponding to the programme. Each funding proposal to be submitted by an AE under a PP will be treated as a separate funding proposal with stand-alone outcomes, impacts, logic framework and budget, which will contribute to the overall objective, theory of change and impact of the programme.
6. The environmental and social due diligence undertaken for the funding proposal shall conform to the due diligence framework submitted for the entire programme. The funding proposals by the AEs can be submitted to the Board for consideration together with the PP and PCMRP or subsequently. Such sequencing of funding proposals and implementation plan would be reflected in the PCMRP and regularly reported by the coordinating AE of the programme.
7. The AEs submitting the funding proposals under a programme should coordinate and explain in the funding proposal the overall programme, the linkages and dependencies between the respective subprojects (if known), and the coordinated implementation time frame. The individual subprojects can take specific parts of the programme, including specific outcomes, impacts, or cover the use of specific financial instruments aligned with the accreditation scope of the respective AE.
8. Relevant linkages and dependencies between subprojects under these programmes will be identified by AEs and implementation risks and risk mitigation measures clarified and presented at submission to the Board.

Figure 3: Submission of programmes by two or more accredited entities submitting jointly a single programme



Abbreviations: AE = accredited entity, PCMRP = programme coordination, monitoring and reporting plan.

9. Under this approach, the Board will take note of the PP, and approve funding for the budget of the PCMRP submitted by the CAE. The funding proposals submitted by the participating AEs in respect of the PP will be considered by the Board for approval upon submission. For the first approval by the Board under this case, the PP, the PCMRP and at least one fully developed and appraised subproject funding proposal should be presented to the Board at the same time.

Annex IV: Previous consultations

1. Prior to the twenty-fifth meeting of the Board, this policy has been presented to the members and alternate members of the Board for consultation. Some of the key comments are outlined in table 1.

Table 1: Key comments from Board consultations

Board meeting	Key comments from Board consultation
B.21	<ul style="list-style-type: none"> - Clarify project report review - Clarify that it is necessary for the initial funding proposal document to set out clear eligibility criteria, which cannot be amended without Board approval - Develop a higher-level programmatic approach over time, that goes beyond individual funding proposal - Include consideration of the scope for thematic/sectoral and geographic/regional programmes or investment plans - Include how an accredited entity (AE) may apply for an extension under exceptional circumstances - Develop very clear templates for programme submission
B.22	<ul style="list-style-type: none"> - Clarify whether disclosure will include information to relevant links on the GCF webpage and with the timelines set out under the GCF Disclosure Policy) - Include preliminary feedback and lessons learned based on these initiatives to inform the draft programmatic approach policy
B.23	<ul style="list-style-type: none"> - Consider programmatic approaches across AEs and hence programmes involving multiple AEs - Clarify disclosure for category A projects - Clarify approving a programme with a timeline for subproject submission that goes beyond a replenishment cycle

2. In addition to the Board consultation, consultations have also been conducted with the accredited entities. Some of the key comments are outlined in table 2.

Table 2: Key comments from accredited entity consultations

Board meeting	Key comments from accredited entity consultation
B.22	<ul style="list-style-type: none"> - Clarify the process for applying for Board approval
B.23	<ul style="list-style-type: none"> - Align with accredited entities' (AEs') current procedures and timelines to projects, additional financing (for expanded or new scope), or series of similar projects - Allow AEs to avoid repeatedly go back to GCF Board or to have a simplified no-objection procedure - Acknowledge and build on AEs' existing governance structures for facility implementation - Lacks guidance on the possible modalities for partnerships/joint programmes - Provide further information on whether there are any additional requirements in terms of documentation to be provided at the pre- or post-approval stage for programmes

Annex V: Review of the programmatic approach of other institutions

Table: Programmatic approach of the GCF, Climate Investment Funds, Global Environment Facility and Multitranche Financing Facility^a

	GCF	Climate Investment Funds^b	Global Environment Facility^c	Multitranche Financing Facility (Asian Development Bank)^d
Definition	A set of interlinked individual “subprojects” unified by an overarching vision, common objectives and contribution to strategic goals	A systemic country-led approach with strategically linked investments built around a transformative vision, informed by multi-stakeholder consultation. Approach is associated with scaled-up, predictable and flexible resource envelope	A longer-term and strategic arrangement of individual yet interlinked projects that aim at achieving large-scale impacts on the global environment	A multistage, interlinked approach of flexible financing for individual to multisector-based national projects
Objective	Increase speed of access, particularly for least developed countries, small island developing States and African countries, and facilitate cooperation among multiple accredited entities to create scale, effectiveness and transformational impact	Bring systems-level thinking and solutions at scale to help countries meet their climate ambitions. Create synergetic benefits and results that will go above and beyond individual project results	Create synergies across focal areas of the Global Environment Facility	Create partnerships between the Multitranche Financing Facility and clients by aligning financing with project readiness and long-term needs
Guiding principle	Flexibility to meet country needs, increase speed and breadth of access, create synergy among accredited entities, and add value over a project by project approach	A country-led, rigorous and collaborative planning process will ensure that CIF investments effectively address countries’ most pressing climate priorities	Open and transparent for multi-stakeholder representation with monitoring and evaluation on a regular basis	Flexible financing based on a clear sector strategy outline, including risks and sectoral rationale(s), as well as impact potential

	GCF	Climate Investment Funds^b	Global Environment Facility^c	Multitranchise Financing Facility (Asian Development Bank)^d
Eligibility criteria	Guidance on minimum criteria to be developed by the Secretariat; programme-specific criteria to be approved in the context of each programme	Programmes have individualized country selection criteria and project investment criteria	High level of political and economic commitment to the environment; commitment of the national operational focal points (OFPs)	Medium- to long-term projects for inclusive growth: poverty reduction and gender
No-objection letters	Required for each participating country and project;	A country, through its focal point, submits the country's investment plan for a specific programme with a letter of endorsement	The submission of the Programme Framework Document needs to include, among others: (i) clear and measurable criteria for the identification of Child Projects; and (ii) a list of anticipated Child Projects, and GEF OFP letters of endorsement for expected use of STAR and non-STAR allocations in the programme	

^a Information adapted from each climate facility's evaluation of "programmatic approach".

^b Climate Investment Funds. 2018. *Evaluation of the Climate Investment Fund's programmatic approach: final report and management response*. Available at <https://www.climateinvestmentfunds.org/sites/cif_enc/files/knowledge-documents/evaluation_of_the_cif_programmatic_approach_final_report_and_management_response.pdf>.

^c Global Environment Facility. 2018. *Evaluation of programmatic approaches in the GEF*. Available at <http://www.gefio.org/sites/default/files/ieo/evaluations/files/programmatic-approaches-2016-vol1_5.pdf>.

^d Asian Development Bank. 2015. *Operations Manual Bank Policies: Multitranchise Financing Facility*. Available at <<https://www.adb.org/sites/default/files/institutional-document/31483/omd14.pdf>>.