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# Readiness and Preparatory Support Programme Guidebook

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A practical guide on how to prepare readiness proposals for the Green Climate Fund

March 2020



## **GCF GUIDEBOOK SERIES**

### **Readiness and Preparatory Support Programme Guidebook**

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*This Guidebook is a living document and will be updated to reflect feedback, lessons learned, as well as policy and operational changes. For that reason, we encourage readers to use the online/electronic version of this document and to refrain from printing. Please provide any comments or feedback on this document to: [countries@gcfund.org](mailto:countries@gcfund.org).*

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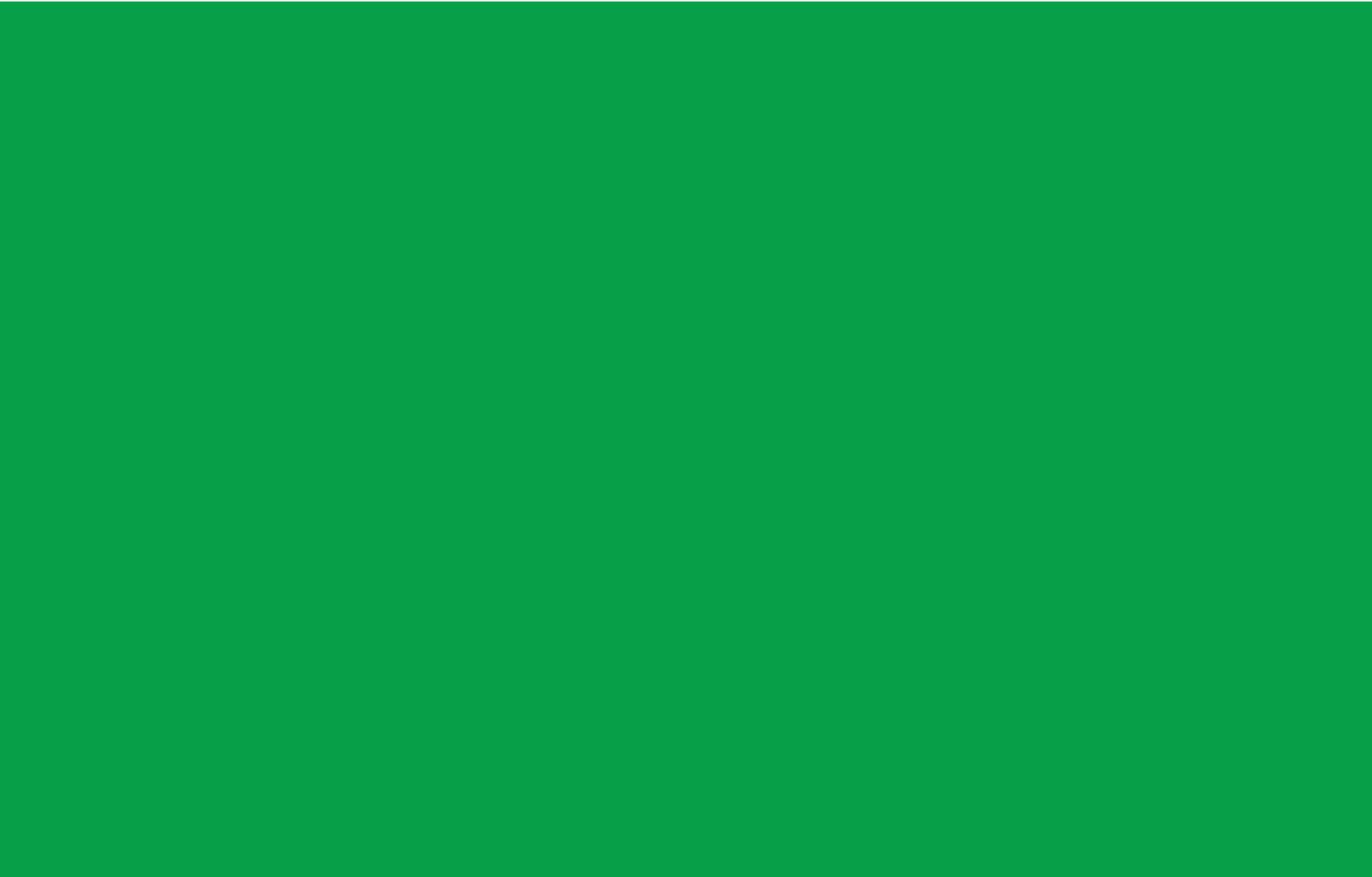
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# GLOSSARY

**Accredited Entities (AEs):** Institutions or organizations accredited to the Green Climate Fund (GCF) to carry out a range of activities, particularly developing and submitting project/programme funding proposals and overseeing the management and implementation of projects and programmes. National Designated Authorities (NDA) can request an AE to serve as their delivery partner for a specific readiness proposal. However, readiness proposals can also be implemented by other non-AE delivery partners (see definition of delivery partner below). For the sake of simplicity, this Guidebook refers to accredited entities as “delivery partners” when referring to such AEs nominated by NDAs to implement readiness grants.

**Adaptation Planning:** The identification of adaptation priorities and development of strategies and programmes to address these priorities in a continuous, dynamic and iterative process. GCF support for adaptation planning processes may have a national, sub-national and/or sectoral focus, and could contribute to an integrated national vision for climate resilience.

**Country Programme:** A GCF Country Programme is a document that presents a country’s climate change priorities with the GCF, including a pipeline of projects that the country would like to develop with the Fund. It provides an action plan that details how projects and programmes are to be developed, the type of entity to partner with, and the readiness and project preparation support required.

**Delivery Partners (DPs):** Institutions selected by the NDA or Focal Point to implement activities approved under the Readiness and Preparatory Support Programme. Delivery partners provide services such as: development of readiness request proposals in cooperation with NDAs; implementation and supervision; fiduciary management; progress reporting; and project completion and evaluation. Delivery partners may be AEs or other institutions who meet the financial management capacities requirements of the Fund. Delivery partners who are not accredited entities must undertake a Financial Management Capacity Assessment (see below) to be approved to implement readiness support in developing countries.

**Direct Access Entities (DAEs):** Institutions that apply for accreditation through the direct access modality. They are regional, national and sub-national institutions that are required to provide evidence of a nomination from a NDA or Focal Point with their application documents. Entities that are accredited under the direct access modality, or wish to be accredited, may be eligible to receive support under the Readiness Programme at the request of its NDA or Focal Point.

**Environmental and Social Safeguards (ESS):** A set of criteria that aims to address key environmental and social risks in the implementation of activities to be funded by the GCF. The Fund has adopted a comprehensive environmental and social management system, which can be found in [Annex III of GCF/B.07/11](#). The Fund has also adopted an Environmental and Social Policy, available in [Annex X of GCF/B.19/43](#).

**Executing Entity (EE):** An entity through which GCF proceeds are channelled for the purposes of a readiness grant or part thereof; and/or any entity that executes, carries out or implements a funded activity, or any part thereof. An accredited entity may carry out the functions of an executing entity, though it is preferable if local and national actors execute readiness grant activities.

**Financial Management Capacity Assessment (FMCA):** An [assessment](#) conducted for organizations that are not accredited entities but are selected by NDAs to serve as their delivery partner for a readiness proposal to the GCF. NDAs may also undergo the FMCA to implement readiness support in their own countries. Any organization that wishes to implement readiness support must be either an accredited entity or pass the FMCA to become a delivery partner.

**Fiduciary Standards:** Refers to the basic and specialized fiduciary requirements of the GCF that accredited entities and delivery partners need to comply with depending on the nature of the activities funded by the GCF. The Fund’s initial fiduciary standards are set out in [Annex II of GCF/B.07/11](#).

**Framework Agreement:** An umbrella agreement laying out the terms and conditions for delivery partners and the GCF regarding the implementation of a portfolio of readiness support requests (grants).

**Grant Agreement:** A bilateral agreement between a NDA or delivery partner and the GCF (or a designated counterparty for the GCF) stating the terms and conditions regarding the implementation of a single readiness support request or grant.

**Grant Recipient:** For the purposes of the bilateral grant agreement or framework agreement, the grant recipient is the institution identified in the proposal as the implementing institution for the requested Readiness support activities. This is usually the delivery partner (or an AE acting in the capacity of a delivery partner) but may be the NDA when the NDA has passed the FMCA and submitted an approved readiness proposal. The grant recipient is responsible for submission of reports to the GCF, including disbursement requests, sharing relevant project information, and acting upon the Secretariat's guidance.

**Gender Policy:** The Fund's [Gender Policy](#) aims to ensure the GCF will contribute to gender equality through a gender-sensitive approach and will, in turn, achieve greater and more sustainable climate change results. The gender policy is applied to all the Fund's activities, whether implemented by international, regional, national or sub-national, public or private entities institutions that access GCF's resources.

**Indigenous Peoples Policy:** The GCF-wide [Indigenous Peoples Policy](#) ensures that activities of the GCF are developed and implemented in such a way that fosters full respect, promotion, and safeguarding of indigenous peoples so that they (a) benefit from the GCF activities and projects in a culturally appropriate manner; and (b) do not suffer harm or adverse effects from the design and implementation of the GCF financed activities.

**Low Emission Development Strategies (LEDS):** LEDS are national policies and/or plans, including national climate change laws and green growth strategies and plans, that reduce greenhouse gas emissions, increase resilience to climate change impacts and achieve social, economic and environmental development goals.

**National Adaptation Plan (NAP):** The United Nations Framework Convention on Climate Change (UNFCCC) established the national adaptation plan (NAP) as a process that enables countries to formulate and implement a national plan as a means of identifying medium- and long-term adaptation needs and developing and implementing strategies and programmes to address those needs. It is a continuous, progressive and iterative process which follows a country-driven, gender-sensitive, participatory and fully transparent approach.

**National Designated Authorities (NDA) or Focal Points:** NDAs are government institutions that serve as the interface between each country and the Fund. They provide broad strategic oversight of the GCF's activities in the country and communicate the country's priorities for financing low-emission and climate-resilient development. Further information on guidelines for NDAs or Focal Points is available in [Annex XIII of decision B.08/45](#). A directory of NDAs is available on the [GCF website](#).

**National Designated Entity (NDE):** NDEs are countries' focal points for the UNFCCC Technology Mechanism, including its operative arm, the Climate Technology Centre and Network (CTCN).

**Project Preparation Facility (PPF):** The Project Preparation Facility<sup>1</sup> provides financial support to accredited entities to prepare funding proposals for submission to the GCF. The PPF supports accredited entities in preparing full funding proposals for consideration by the Board, based on a concept note that has been cleared for project preparation support vis-à-vis GCF investment criteria.

**Technology Needs Assessment (TNA):** TNA is a set of country-driven activities leading to the identification, prioritization and diffusion of environmentally sound technologies for mitigation and adaptation to climate change.

<sup>1</sup> For further information on GCF support for the development of full funding proposals based on concept notes, please refer to the [Project Preparation Facility \(PPF\) Guidelines](#).



The Fund will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs 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.

– Paragraph 40, GCF Governing Instrument

# PART I. THE GREEN CLIMATE FUND AND THE READINESS AND PREPARATORY SUPPORT PROGRAMME

## 1. GREEN CLIMATE FUND OVERVIEW

This section introduces the strategic vision, business model, and operational modalities of the GCF to better contextualize the practical information provided in this Guidebook.

As an operating entity of the Financial Mechanism of the United National Framework Convention on Climate Change (UNFCCC), the Green Climate Fund GCF is mandated by the Conference of the Parties (COP) to the UNFCCC to provide financial support to enable Parties to meet the objectives of the UNFCCC. The COP and the Board of the GCF have signed a memorandum of understanding (MOU) which guides the relationship of the COP and the GCF. Under that relationship, the COP provides annual guidance to the Board related to policies, programme priorities and eligibility criteria. As a result of decisions contained in [Article 9, paragraph 8](#), of the Paris Agreement, and UNFCCC [decision 1.CP/21, paragraph 58](#), the GCF also serves the Paris Agreement and the objectives contained therein.

The Governing Instrument of the GCF outlines a bold mandate to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change. That contribution will be made through promoting the paradigm shift towards low-emission and climate-resilient development pathways and providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change. The GCF Board aims to finance transformational investments in mitigation and adaptation projects and programmes according to the needs and priorities of developing countries.

The business model of the Fund is one based on partnerships with organizations in developed and developing countries to implement the projects and programmes approved by the Board. These accredited entities (AE) (and delivery partners, in the case of readiness grants) include government entities, public, private, and multilateral financial institutions, international organizations, bilateral agencies, non-governmental organizations and private sector firms. The resources of the GCF are channelled through these organizations that have demonstrated the necessary capacities to design, implement and monitor such investments, under the overarching GCF philosophy of country-ownership. Developing country parties are empowered, through their National Designated Authorities (NDAs) or Focal Points, to ensure that GCF financing is delivered in accordance with national climate change priorities.

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In order to facilitate this process, the GCF Secretariat is organized according to the programming cycle. Divisions and teams within the Secretariat are assigned to perform functions related to origination, development, structuring, appraisal and implementation monitoring. This organizational design is instituted across the Secretariat with respect to the programming cycle for funding proposals, but it is also recreated for the administration of the Readiness and Preparatory Support Programme (“Readiness Programme”). For the readiness programming or grant cycle, the Division of Country Programming (DCP) provides support and advice to NDAs in conceptualizing and developing proposals for readiness support. Regional managers and their teams in DCP lend upstream guidance to ensure all submitted readiness proposals demonstrate country-ownership and are of high quality at entry. The Readiness Programme team in DCP then leads the review and appraisal process, along with an interdivisional technical committee providing recommendations for approval to the Executive Director, to whom the Board has delegated authority to commit funds allocated for the Readiness Programme. Finally, the Office of Portfolio Management (OPM) handles all post-approval interactions with NDAs and delivery partners with respect to monitoring, reporting, and grant completion and closure.

## 2. INTRODUCTION TO THE READINESS PROGRAMME

This section provides an introduction to the Readiness Programme as well as an explanation of how the programme has changed as a result of the Board adopting the revised strategy by decision [B.22/11](#).

The GCF provides comprehensive support to developing countries to realize the objectives of the UNFCCC and the Paris Agreement, through the Readiness Programme, Project Preparation Facility (PPF) and the funding of transformative projects and programmes (Funding Proposals). The Readiness Programme is mandated by the Governing Instrument of the GCF to provide resources for strengthening institutional capacities, governance mechanisms, and planning and programming frameworks to identify a transformational long-term climate action agenda for developing countries.

All developing country Parties to the UNFCCC can access the Readiness Programme. The GCF aims to commit at least 50 per cent of the resources allocated by the Board to particularly vulnerable countries, including least developed countries (LDCs), small island developing States (SIDS), and African States. Resources may be provided in the form of grants and/or technical assistance.

Based on the submission of high-quality proposals, the Readiness Programme may provide:

- **Up to USD 1 million per country per year<sup>1</sup>** for support related to institutional capacity building, coordination, policy and planning, and programming for investment. Of this overall amount, NDAs/Focal Points may request up to **USD 300,000 per year in direct support<sup>2</sup>** to help establish or strengthen a NDA or Focal Point to help the country to access the full array of GCF resources. It should be noted that this amount is not a national allocation. NDAs are advised that they may have multiple readiness grants under implementation simultaneously but

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<sup>1</sup> As a result of decision B.22/11, the Board authorized the Secretariat to consider “multiple-year strategic Readiness implementation requests”. This allows NDAs to submit a single Readiness proposal for up to a total of USD 3 million over a maximum of 36 months, provided the annual implementation value remains under the USD 1 million per year cap referenced above. For more information on this modality, please see Annex IV.

<sup>2</sup> For more information on direct support to NDAs, please see Annex V of this Guidebook.

are expected to ensure readiness proposals build on previous interventions and maintain complementarity and coherence within a national vision.

- **Up to USD 3 million per country** for the formulation of national adaptation plans (NAPs) and/or other adaptation planning processes. This may include support for subnational adaptation plans and/or sectoral adaptation planning processes.

The Readiness Programme is designed to be a flexible tool to support developing countries, so GCF has not defined a list of activities that can be supported under the programme. The Board has shaped the Readiness Programme over time through a series of decisions, most significantly through [B.08/11](#) and [B.13/32](#) and associated annexes which describe work areas and “indicative activities”. And while there is no definitive list or prescribed curriculum to follow, there are eligible and non-eligible costs, please refer to Section 5 of the Readiness Proposal User’s Guide in Part III. Within these parameters, countries are encouraged to develop readiness support requests based on defined needs in complementarity with previous or ongoing initiatives and in alignment with the national vision for climate action.

The resources of the GCF must be managed according to the Fund’s [Environmental and Social Safeguards System](#), [Indigenous Peoples Policy](#), and [Gender Policy](#), as well as the [Policy on Prohibited Practices](#) and the [Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment](#). Information contained within these documents must be complied with when completing the Readiness and Preparatory Support proposal template.

Since the approval and implementation of the first readiness grants in 2015, the Secretariat has worked closely with NDAs and delivery partners to capture best practices and lessons learned and to improve implementation efficiency and effectiveness. With readiness grants completed or under implementation in almost all developing countries, there exists ample evidence and a sound foundation on which to build a long-term vision for low- or zero-carbon and climate-resilient development in line with the UNFCCC and the Paris Agreement and corresponding to the ambitious objectives of the GCF as envisioned for the first formal replenishment of the fund (GCF-1).

## READINESS PROGRAMME STRATEGY 2019-2021

At the 22<sup>nd</sup> meeting of the GCF Board (B.22), the GCF Board approved the [Readiness Programme Strategy for 2019-2021](#) in part to address the outcomes of the evaluation carried out by the GCF Independent Evaluation Unit (IEU). The Readiness Programme Strategy for 2019-2021 incorporates a number of features to improve impact, including orienting the Readiness Programme to encourage a national strategic outlook, providing greater flexibility within a national vision, and increasing support for the identification and development of high-impact programming and pipeline development activities.

**Table 1** provides a side-by-side comparison of how the revised strategy enhances and expands the basic lines of support available<sup>3</sup> to countries through the Readiness Programme.

<sup>3</sup> The Board confirmed through decision [B.22/11 paragraph \(g\)](#) that countries can continue to access resources through the Readiness Programme in accordance with previous decisions ([B.13/09](#) and [B.13/32](#)).

**TABLE 1. CHANGE IN FOCUS AND SCOPE OF THE REVISED READINESS PROGRAMME STRATEGY FOR 2019-2021**

INITIAL READINESS PROGRAMME STRATEGY	READINESS PROGRAMME STRATEGY 2019-2021
NDA capacity for engagement with GCF	<b>Capacity building for climate finance coordination</b>
Direct access to climate finance	
Country programming process	<b>Strategic frameworks for low-emission investment</b>
Formulation of national adaptation plans and/or other adaptation planning processes	<b>Strengthened adaptation planning</b>
Climate finance accessed	<b>Paradigm-shifting pipeline development</b>

Under the revised strategy, countries are fully encouraged to address capacity and technical gaps to achieve priorities set in NDCs, NAPs, and other national climate change strategies. Eligible activities under the revised Readiness Programme strategy should aim to achieve one or more of the following objectives:

**Objective 1 Capacity building for climate finance coordination**

Support under this objective can include NDA strengthening, enhancing coordination mechanisms, and other capacity building support for DAEs, executing entities, and civil society and private sector stakeholders to engage in the programming process.

**Objective 2 Strategic frameworks for low-emission investment**

Support under this objective may include the development of Country Programmes, Entity Work Programmes, long-term low-emission development strategies and action plans; efforts to update, enhance or implement NDCs; efforts to improve the enabling environment for climate finance, such as engaging the private sector and/or devising or adapting innovative financial mechanisms for deployment.

**Objective 3 Strengthened adaptation planning**

Support under this objective may include the development of a national, subnational, or sectoral adaptation plan, catalyzing private sector engagement in adaptation finance, and producing the evidence basis for impactful adaptation investments.

**Objective 4 Paradigm-shifting pipeline development**

Support under this objective may include the development of concept notes, pipeline metrics and indicators, and costed action plans for priority documents such as NDCs.

**Objective 5 Knowledge sharing and learning**

Support under this objective may include peer-to-peer and south-south learning exchanges, and development of tailored knowledge products.

The revised objectives capture the country-driven evolution of the Readiness Programme, while taking into consideration country demand to foster strategic deployment of resources with a view to enhancing national ambition. For further information on the objectives under the revised Readiness Programme strategy, please see Annex I and II.

### 3. READINESS SUPPORT AND COUNTRY OWNERSHIP

This section provides information regarding how countries may access readiness support to enhance country ownership, including the relationship between GCF Country Programmes and Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and Low-Emission Development Strategies (LEDS), among others.

Country ownership or a “country-driven approach” is both a guiding principle and an operational modality of the GCF as described in the Governing Instrument of the Fund. The Board further adopted guidelines for enhanced country ownership and country drivenness (GCF document [B.17/14](#)) that describe the central role of NDAs in the project cycle. This coordinating role includes submitting proposals for readiness support and the development of Country Programmes to drive investment planning. Country Programmes play a key role in the investment decision-making process of the Fund as per the proposal approval process revised through decision [B.17/09](#).

Readiness support, too, is steered by the principle of country ownership and likewise is a tool through which NDAs and stakeholders may enhance country ownership of climate relevant investments. NDAs may leverage readiness support to address deficiencies in any number of areas to enhance country ownership of climate financing in the country:

- Building national and subnational actors’ capacities to improve their communication, coordination, and technical skills to set the climate finance agenda domestically
- Catalyzing an investment pipeline through support to identify, scale up, and replicate transformational projects and programmes informed by the national vision and circumstances
- Developing the enabling framework for sustained climate action in line with the UNFCCC and Paris Agreement through robust policies, plans and programming frameworks based on the national vision

Country ownership is therefore critical to all of GCF operations. It is also significant with respect to GCF’s role as an operating entity of the Financial Mechanism of the UNFCCC and in GCF’s service of the Paris Agreement.<sup>4</sup>

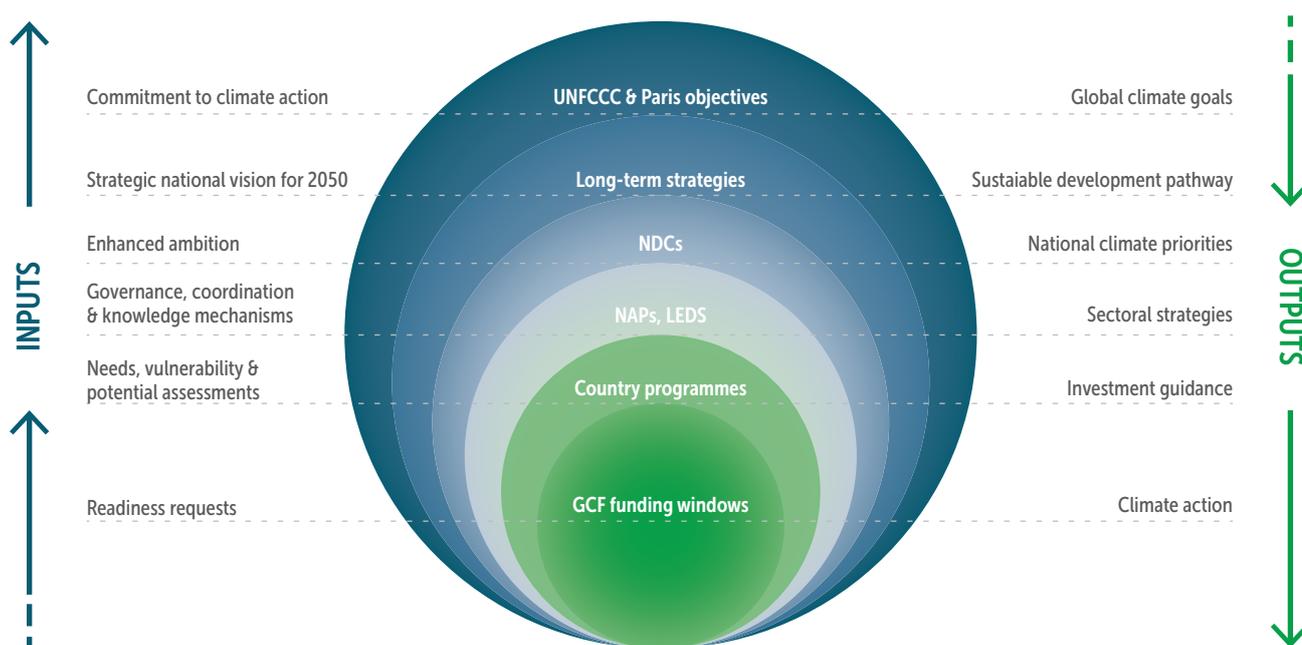
In this light, GCF is mandated to support developing countries to meet objectives of both agreements, including the Paris objectives of restricting warming to below 2 degrees by 2100 and achieving a balance of anthropogenic emissions and removals by sinks after 2050, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty. The Board addressed this responsibility in part through decision [B.13/10 \(paragraphs \(a\), \(b\) and \(e\)\)](#), confirming that existing GCF modalities like the Readiness Programme may be leveraged to develop, enhance or update, and implement NDCs and the priority actions identify therein.

The development of robust and action-oriented GCF Country Programmes through readiness support is a powerful display of country ownership. GCF Country Programmes translate and publicize priorities for NDC achievement through the

<sup>4</sup> Under Article 4.19 of the Paris Agreement, Parties should “formulate and communicate long-term greenhouse gas emission development strategies” consistent with the Agreement’s Long-term temperature Goal. Article 2 specifies the long-term temperature goal as holding the increase in the global temperature to well below 2 degrees above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change.

types of interventions and mechanisms the GCF provides. Readiness support can also aid in the development of long-term strategies that detail how a country expects to balance its own anthropogenic emissions and removals by sinks while charting a resilient path required by the realities of a 1.5- to 2-degree warmer world. **Figure 1** displays the relationship between those long-term goals and the interlinked planning and programming documents of the NDC, sectoral strategies, and GCF Country Programmes.

**FIGURE 1. READINESS AND GCF SUPPORT IN THE CONTEXT OF COUNTRY OWNERSHIP AND THE CLIMATE ACTION AGENDA**



The elaboration of long-term strategies affords countries a perspective to inform the design of development trajectories that align with UNFCCC and Paris Agreement goals. Developing long-term strategies across key policy areas of mitigation, adaptation, climate resilience and sustainable development enables countries to design and implement a pathway that considers the interactions, synergies and trade-offs of its national priorities. The long-term strategy typically includes a vision, with quantitative targets for emission reduction and goals for adaptation and resilience and help translate the vision into ambitious near- and medium-term planning and goals (e.g. NDCs, NAPs, national development plans), as well improve alignment across these often-disjointed planning processes. Furthermore, it provides a framework for increased collaboration between different government institutions, and between government and civil society including the private sector and creates opportunities for policy harmonization.

NDCs are encouraged to submit requests for readiness support to address the specific gaps in their capacities, planning frameworks, and investment pipeline depending on their national circumstances and in line with their national vision. Readiness support can also be requested to undertake the long-term national visioning process in line with UNFCCC and Paris Agreement goals. It is understood that there is no one-size-fits-all approach to these tasks; however, through a country-driven process, readiness support can facilitate NDCs to convene stakeholders, identify needs, and produce a nationally-owned low-emission and climate-resilient pathway.

## 4 DEFINING READINESS SUPPORT NEEDS

This section provides guidance to NDAs and delivery partners to facilitate the development a long-term, strategic approach to readiness support.

The revised Readiness Programme strategy aims to facilitate a country-level discussion centered around answering a simple question: *Ready for what?* **Through accessing readiness support, countries are ready for engaging with the GCF in order to accomplish the common objectives of implementing the UNFCCC and the Paris Agreement.** The revised Readiness Programme strategy posits that producing a national vision to 2050 and beyond can facilitate the process of iterative NDC and NAP development and implementation while preparing the country to access finance in the immediate term.

NDAs are therefore empowered to develop and submit proposals that take a comprehensive and long-term view while also seeking support to address near- and medium-term capacity and technical gaps and barriers. It is anticipated that undertaking a long-term readiness visioning exercise will assist countries to answer, *inter alia*, the following key questions:

- What support would be required to prepare a long-term climate strategy (such a strategy could assume a world that would have achieved net-zero emission but would be at least 1.5 degree warmer by 2050)?
- What data and knowledge gaps exist nationally to inhibit the development of ambitious NDCs and NAPs informed by net-zero carbon emissions and an at least 1.5-degree warmer world by 2050?
- How can the country translate the 2050 climate strategy into NDC, NAP, TNA and other short- to medium-term national climate change strategies?
- What support is needed to facilitate and expedite implementation of priorities identified in the NDC, NAP, TNA and other national climate change strategies?
- What barriers exist to accessing scaled-up finance across priority sectors, especially with regards to leveraging private sector investment and technology deployment?
- How can national and subnational institutions be strengthened to deliver on mitigation and adaptation priorities, including through new and innovative financial mechanisms?
- How can the country increase a) complementarity of climate action funded through multiple financial streams and b) the coherence of their programming processes to drive long-term low-emission and climate-resilient development?

Countries that undertake such a forecasting exercise will be better enabled to conceptualize and communicate to all national stakeholders and external partners the crucial transformational initiatives that will achieve their long-term climate priorities in line with Articles 2.1(c) and 4.1 of the Paris Agreement. They will have also produced a powerful business case for climate investment by the GCF and other sources of climate finance through coherently linking their NDCs, sectoral strategies, and GCF Country Programmes.

This exercise may also function as a needs assessment for a given country in terms of the human, institutional, and technical capacity gaps and challenges to be able to programme, access, deploy and monitor climate finance. Such an assessment of readiness needs will inform not only a strategic approach to leveraging the resources of the Readiness Programme, but it will also improve the quality of each individual readiness proposal.

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In addition to the guiding questions above, countries are encouraged to consider the following guidelines that demonstrate how a country may choose to undertake a national readiness needs assessment. NDAs and delivery partners should consider the types of institutions, policies and procedures necessary to become ready for scaled up, transformational climate finance programming.

The multi-stakeholder readiness needs assessment should:

- Be conducted or overseen by the NDA in consultation with other stakeholders;
- Be bolstered by technical guidance from the Secretariat regarding its application;
- Appraise a variety of essential capacities, institutional mechanisms and technical skills;
- Establish a baseline to help the NDA and the Secretariat better understand how to approach readiness support in a strategic manner;
- Consider identified capacity needs through existing processes and documents, including National Communications, National Capacity Self Assessments, and those undertaken by other funds, bilateral or multilateral agencies, and multilateral development banks;
- Consider capacity building initiatives and assessments for climate change done under other auspices and include feedback on previous Readiness support, and;
- Give due attention to the issues of ESS, gender and IP integration.

The following section provides a non-exhaustive list of the particular institutions, structures, and technical skills and capacities NDAs should consider when undertaking such a readiness needs assessment.

## INSTITUTIONS AND GOVERNANCE

- **National designated authority** has the proper human and technical capacity to fulfill its role, which includes coordination, stakeholder engagement, programming and priority setting, and increasing complementarity and coherence of climate finance flows. The NDA is engaged with other climate and sustainable development focal points across ministries and subnational governments, as well as with the private sector and civil society, including during the development of a Country Programme. The coordination mechanism includes ministries, the subnational governments and other providers of climate finance, including the donor community.
- **Direct access entities** and candidates for accreditation are able to meet and maintain GCF standards for accreditation. These entities engage in the programming process at the national level, with their own strategies (Entity Work Programmes) aligned with those of the country. Technical capacity and skills exist to develop, implement, and monitor transformational investments for low-carbon and climate resilient development, which includes the ability to use a wide range of financial instruments and structures and the ability to blend sources of finance.
- **Executing entities** are national and local partners with DAEs and international AEs and have the skills to receive, deploy, and report to DAEs and AEs on the use of GCF funds. Executing entities are involved in the programming process with the ability to fully comply with relevant GCF compliance policies, standards and safeguards.
- Domestic **private sector stakeholders** and providers of climate finance are engaged and able to identify, appraise and finance low-carbon and climate-resilient investment opportunities, including co-finance and parallel finance for GCF projects. The banking and financial sectors understands concepts of green finance

and can evaluate investments based on their financial, social and environmental costs and benefits. MSMEs are aware of green business services and can access financing for their climate-relevant products and services.

- **Subnational governments** are active participants in the programming process at the national level, with focal points for climate change established at local and provincial levels. Subnational governments can gather and report data and information to the NDA for programming and investment decision-making purposes.
- **Non-governmental and civil society organizations**, including traditionally marginalized groups such as women and girls, indigenous peoples, and ethnic minorities, are engaged and provided opportunities to participate in the planning process at national and subnational levels. Existing networks and data gathering initiatives are tapped to feed into the investment programming process at national level. CSOs and other groups are included in the investment monitoring and evaluation protocols for climate finance.

## POLICY ENVIRONMENT

- The **national policy regime** addresses the specific risks and opportunities regarding climate change, with a legal framework containing compliance measures and incentives to address identified risks and opportunities. Related acts and/or policies have the force of law through parliamentary approval that vests authority for managing and coordinating national response in a specific institution and coordination mechanism. National guidelines on incorporating climate risks and opportunities are established and used in development and other planning processes.
- **Long-term strategies** with respect to low-carbon and climate-resilient development are aligned with the national development vision. These strategies account for the goals of the UNFCCC and the Paris Agreement and represent a pathway for the country to realize its obligations and contributions under the international climate agreements. The strategies provide an iterative pathway for the development of successive NDCs and NAPs through 2050 in line with the UNFCCC and Paris Agreement and include investment priorities and action plans.
- The country has developed a **NDC** with high-level political support that provides a clear and transparent justification for its fairness and level of ambition, with an inclusive procedure for regular updating. The NDC draws from the national policy regime and is informed by substantive sectoral strategies, backstopped by a monitoring, reporting and verification system for climate finance flows, which are tracked and tagged in the public financial system. The country has developed a costed action plan to transform NDC priorities into climate investments.
- An iterative process to develop and update the **NAP** is in place with a robust network to produce the necessary data to inform vulnerability and risk assessments. The NAP process includes local knowledge and groups at highest risk and reflects a gender-responsive approach with cooperation from marginalized communities. The country has produced a resilience investment plan to draw in private sector actors, who are informed of the opportunities in financing adaptation priorities.
- **Market, technology, regulatory and other barriers** to scaled-up investment are identified, assessed, and removed through improved sectoral policies, incentives, and other measures. Appropriate technology solutions to climate risks and mitigation opportunities are tailored to the national and/or local context. The legal framework is conducive to such investments and incentivize low-carbon and climate-resilient projects and programmes.

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## PIPELINE DEVELOPMENT

- Investment prioritization methodologies are established and deployed to ensure that public investment is targeted at the projects and programmes delivering the highest impact in terms of mitigation and adaptation benefits. National and subnational climate strategies and programming documents (Country Programmes, DAE Work Programmes, NDCs, NAPs, etc.) are aligned and assessed to identify synergies.
- De-risking tools and methods are developed and deployed to attract investment into priority sectors for both mitigation and adaptation and investment sectors are de-risked through innovative financial instruments and structures.
- Concept notes for submission to the GCF are built on a solid basis of climate rationale, address the investment criteria of the fund, and are aligned with the sectoral guidance issued by the Secretariat.
- Pilot projects are identified and assessed for their ability to be scaled-up and lessons learned from previous investment and implementation experience are applied to new and/or innovative projects and programmes.

## INFORMATION, DATA, AND KNOWLEDGE

- National climate change context has been assessed and communicated through robust, down-scaled vulnerability assessments and emissions reduction scenarios, including for priority sectors.
- Climate-relevant information is captured, stored, and shared at local, subnational, and national levels and is accessible for use by stakeholders in investment planning and development processes.
- Knowledge tools enable key government and non-government actors to link climate change impacts in the planning and budgeting process.
- Monitoring, reporting, verification and evaluation systems are in place to track domestic and international climate finance flows and the impacts of funded activities. The information is analyzed at the national and subnational levels for iterative feedback into the investment planning process..
- Planning and decision-making processes with respect to climate finance programming are informed by data and knowledge produced at local, subnational and national levels

## 5 ENGAGING STAKEHOLDERS

This section is intended to inform NDAs of the importance of engaging a wide range of stakeholders before, during, and after the implementation of readiness support.

The Readiness Programme can support the development of stakeholder engagement processes in relation to country priorities (including support for Country Programmes that identify strategic priorities for engagement with GCF). Such engagement is a priority embedded in the environmental and social management system for GCF and the environmental and social safeguards, Environmental and Social Policy, Gender Policy and Indigenous Peoples Policy of GCF.

Stakeholder engagement and participation is key to country ownership and country-drivenness. Stakeholder engagement is critical to ensuring an effective

flow of information, maximization of local expertise, added credibility and enhanced climate awareness. Collaboration with key actors should include a broad constituency, including finance and technical experts, research organizations, civil society organizations, private sector, vulnerable populations and youth, minority and gender groups. In the context of the Readiness Programme, stakeholder engagement can be an end in itself – as may be the case for support aimed at consulting stakeholders in relation to a specific GCF Funding Proposal – but it can also be a means to developing and implementing high-quality readiness proposals that address critical and chronic barriers to the scaled-up climate finance developing countries require. NDAs and their nominated delivery partners are encouraged to undertake stakeholder engagement in line with the [GCF Sustainability Guidance Note](#) on this topic and relevant Board decisions.

**Figure 2** is adapted from the guidance note on stakeholder engagement and provides an overview of such a process. GCF Board decision [B.08/11](#) sets as a core activity the engagement of regional, national and sub-national government, civil society and private sector stakeholders. The revised Readiness Programme strategy likewise expands the focus of capacity building and strategic framework support to include private sector actors and subnational government entities. These stakeholders are potential sources of: information and data for identifying gaps and constraints; ideas for readiness proposal origination and design, especially for the private sector; expertise for innovative approaches and solutions; partnerships to address market, technological, and risk barriers to entry for transformational investments.

**FIGURE 2. CYCLE AND STAGES OF AN EFFECTIVE STAKEHOLDER ENGAGEMENT PROCESS**





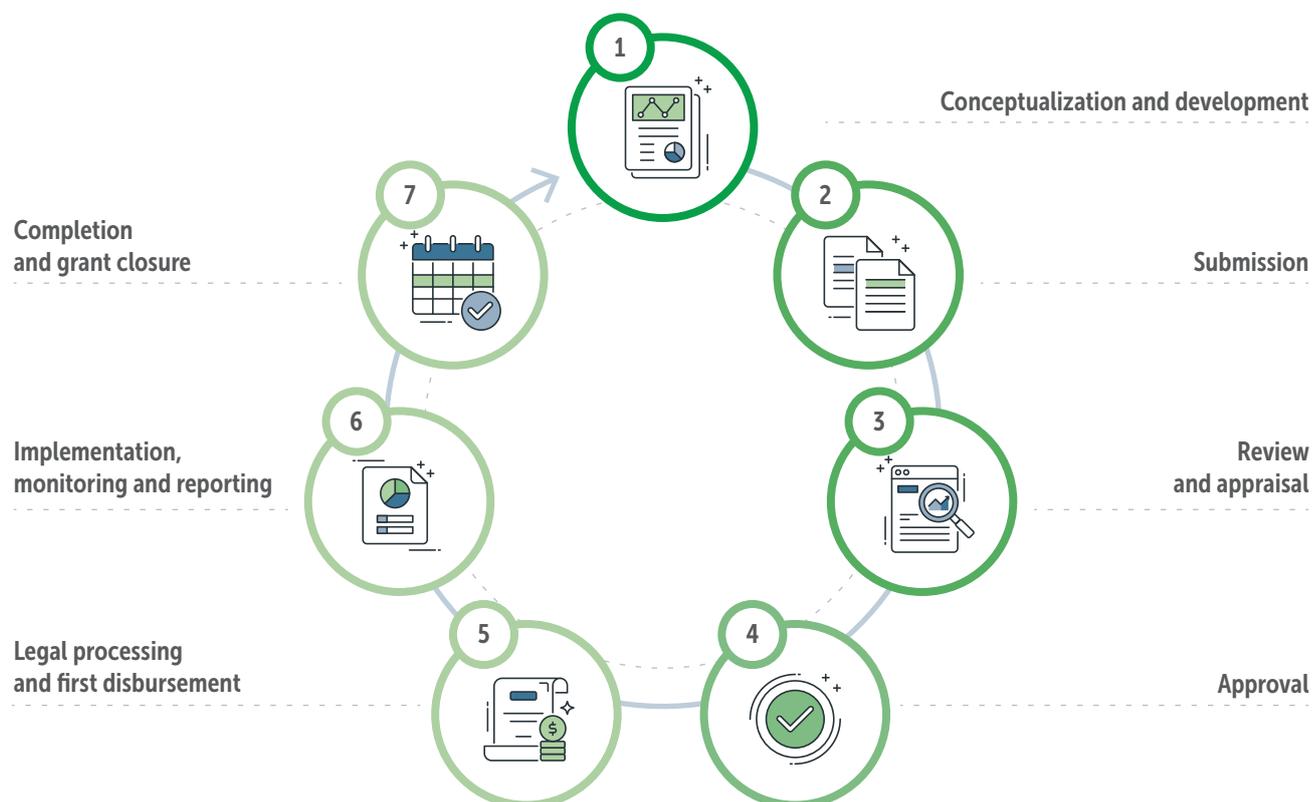
# PART II. OVERVIEW OF THE READINESS PROPOSAL APPROVAL PROCESS

This section provides a step-by-step overview of the entire grant cycle for proposals submitted for Readiness Programme support. The process also lays out the indicative timeframes for action by the GCF Secretariat at the key points in the process. Please note that efficiency in the review process is vastly improved when:

- NDAs engage in upstream discussions with GCF regional focal points regarding their draft readiness proposals prior to submission;
- NDAs and delivery partners provide high-quality proposals upon submission, and;
- NDAs and delivery partners respond to GCF review feedback in a timely manner.

The GCF regional focal points provide support to countries to facilitate access to GCF resources, including in the origination and development of readiness proposals. Secretariat staff in the Readiness Programme team review and appraise readiness proposals against the Readiness Programme objectives as determined by the Board and the appraisal criteria (see Part IV Section 2). The Readiness Programme team also provides feedback to NDAs and delivery partners to strengthen and refine proposals before approval. The grant cycle is described in the ensuing paragraphs and summarized in **Figure 3**.

**FIGURE 3. STAGES OF THE READINESS PROGRAMME GRANT CYCLE**



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## STAGE 1: READINESS PROPOSAL CONCEPTUALIZATION AND DEVELOPMENT

1. NDAs may originate a proposal for readiness support on their own, or with the assistance of a delivery partner. This should begin from an assessment of needs, the identification of specific capacity and/or technical gaps and challenges, or other barriers to climate finance access and deployment.
2. The NDAs should undertake a review of key documents and interventions (both previously completed and ongoing) to ensure the proposal is addressing real needs while being consistent with the national approach. These include: NDCs, NAPs, LEDS or other national climate change and sectoral strategies; TNAs; National Communications; GCF Country Programmes; previous readiness grants with the GCF or other providers of capacity building, policy and programming support for climate change (Global Environment Facility; Least Developed Countries Fund; Adaptation Fund; Climate Investment Funds; bilateral and UN agencies)
3. NDAs are encouraged to engage their respective [GCF regional focal point](#) in the Secretariat to discuss the proposal idea. GCF regional focal points can provide useful context for potential proposals, including best practices and lessons learned from other countries and successful proposals. GCF regional focal points can also advise NDAs on selecting and nominating delivery partners, including on the process for NDAs themselves to become approved to access readiness resources directly. This can be done through the completion and submission of the [Financial Management Capacity Assessment](#) questionnaire alongside the submission of the readiness proposal.
4. The GCF accepts proposals for readiness support for individual countries as well as proposals submitted by multiple countries on a regional or multi-country basis. For regional or multi-country proposals, it is crucial that all relevant NDAs and the delivery partner agree on the proposed activities and budget during the development stage.

## STAGE 2: SUBMISSION OF THE READINESS PROPOSAL

5. The readiness proposal template should be completed by the NDA with support from their delivery partner where relevant. The NDA should also complete the accompanying Budget, Procurement and Implementation Plan template.
6. The NDA submits the readiness proposal and supporting documentation via the online submission system<sup>5</sup> which is accessed through the Country Portal on the GCF website. If an NDA has nominated a delivery partner to support implementation, the NDA should ensure that the delivery partner is in agreement with the proposal and supporting documents prior to submission. NDAs are reminded to include necessary delivery partner email addresses in the online submission so the system will inform delivery partners on copy to all messages sent to the NDA.

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<sup>5</sup> The online submission system is accessible through the [GCF website](#). If NDAs experience technical difficulties submitting a proposal via the online submission system, the completed template can be submitted to [countries@gcfund.org](mailto:countries@gcfund.org), copying both the delivery partner and the relevant GCF regional focal point.

7. The NDA and delivery partner (if any) will receive an auto-generated email message confirming that the proposal has been successfully uploaded and received by the GCF. The proposal then goes into a queue on a first-come first-served basis for completeness and minimum quality check. If any part of the proposal is incomplete or incorrect, the NDA will be notified and the proposal will not be considered an official submission. This process will be completed within ten (10) business days.
8. If a first-time delivery partner is not an accredited entity to the GCF, the [Financial Management Capacity Assessment](#) questionnaire must be completed and submitted to the GCF, alongside the submission of the readiness proposal. Delivery partners should submit their completed FMCA questionnaire and supporting documentation to [countries@gcfund.org](mailto:countries@gcfund.org). The analysis of FMCA documentation will be completed following an eight (8) week review period, which commences upon confirmation of a complete submission.
9. For regional or multi-country proposals, a lead NDA should be identified to formally submit the proposal to the GCF as outlined in step 6. All other beneficiary NDAs should complete a Letter of Financial Support<sup>6</sup> which should be included with the supporting documentation upon submission to the GCF.

**Note on regional or multi-country Readiness proposals:** NDAs are encouraged to cooperate on the development of regional or multi-country readiness proposals. These proposals may seek support for any of the readiness objectives with the exception of objective 3 on adaptation planning. NDAs should agree on the outcomes, outputs and activities to be undertaken, as well as on the delivery partner they would like to implement the proposal. Regional or multi-country proposals will count against the annual USD 1 million per country annual cap. Therefore, participating NDAs must submit Letters of Financial Support indicating the amount of their annual cap they will contribute to the overall proposal budget. The budget breakdown per country is entirely the decision of the participating NDAs; it does not have to be equal amounts. Countries may participate even without contributing to the overall budget provided the other participating NDAs agree. Those NDAs that participate but do not contribute from their annual cap should still submit a Letter of Support confirming they agree to the proposal and will be active and engaged participants.

## STAGE 3: REVIEW AND APPRAISAL

10. The GCF Secretariat will undertake a completeness check within ten (10) business days (as per step 7 above) of a proposal being uploaded to the online submission system. NDAs will be notified via email once the completeness check has been performed. If the submission is indeed complete the proposal is considered an official submission for readiness support.
11. Incomplete submissions will be returned to the NDA with an explanation of what is needed to complete the submission. NDAs and delivery partners should contact their GCF regional focal points to discuss a resubmission.
12. For complete submissions, the Division of Country Programming of the GCF Secretariat will review the request, planned activities, and the proposed budget. This initial review of the proposal will be supplemented by a complete interdivisional review conducted by teams across the GCF Secretariat. This process will be completed within thirty-five (35) business days.

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<sup>6</sup> Countries interested in developing a regional or multi-country readiness proposal should contact their GCF focal points for more information and to receive a copy of the Letter of Financial Support template.

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13. In the process of its review, the GCF Secretariat may request the NDA to provide additional information and may also request revisions. If necessary, the GCF Secretariat will revert to NDAs regarding requested revisions to submitted proposals. The GCF Secretariat will provide written feedback in the form of a review sheet to the NDA to help guide revision of the proposal.
  14. NDAs and delivery partners may contact their GCF regional focal points to discuss a resubmission once they have been provided with the completed review sheet from the GCF Secretariat.
  15. The revised readiness proposal should then be resubmitted<sup>7</sup> by the NDA to the GCF Secretariat. Upon resubmission, the NDA should include: the revised proposal in both clean and tracked change versions; the review sheet with responses to the Secretariat review comments; revised budget, procurement and implementation plan template. The GCF Secretariat will strive to complete subsequent reviews of resubmitted proposals in less than thirty (30) business days.

## STAGE 4: APPROVAL

16. Proposals that have reached sufficient quality will be appraised and prepared for endorsement by an interdivisional technical committee within the GCF Secretariat. This process will be completed by the GCF Secretariat within ten (10) business days of receiving the resubmitted proposal.
17. Upon consideration by the interdivisional technical committee, a proposal may be: a) endorsed for approval with no conditions; b) endorsed for approval with conditions for approval or first disbursement, or; c) not endorsed and returned to the NDA with comments from the interdivisional technical committee for action and resubmission by the NDA. The committee process will result in an endorsement decision within five (5) business days.
18. Proposals endorsed with conditions will require further action by the NDA and delivery partner. The GCF Secretariat will communicate the nature of these conditions and remedial actions to NDAs and delivery partners for their response.
19. Endorsed proposals then move to the approving authority within the GCF Secretariat for signature. The GCF Board has delegated authority for approving readiness proposals to the Executive Director.
20. The proposal is considered approved and budget is committed upon the signature of the Executive Director or his/her designee on the approval memo for the proposal in question. The GCF Secretariat will dispatch a Notification of Approval letter to the NDA, copying the delivery partner, if any, informing of the approval of their proposal.

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<sup>7</sup> It may be necessary for NDAs to resubmit Readiness proposals more than once. The GCF Secretariat strives to provide complete, thorough and actionable feedback for all submitted proposals. The Secretariat's ability to move a proposal from review into the approval stage depends on the quality of the resubmitted documents and the extent to which the NDA has addressed the Secretariat's review comments.

## STAGE 5: LEGAL PROCESSING AND FIRST DISBURSEMENT

- 21.** Following approval, legal arrangements are concluded in the form of a grant agreement with the grant recipient which includes and incorporates the standard conditions.
- 22.** To make the grant agreement effective, a legal opinion on the agreement will be obtained by the GCF Secretariat. The grant recipient must also submit a letter of authorization to confirm that authorized/designated officers may submit request for disbursements under the grant agreement. This letter must be accompanied by passport copies of the authorized signatories.
- 23.** Moreover, a bank account certification letter must be submitted directly by the beneficiary bank where the GCF grant will be transferred.
- 24.** The GCF Secretariat will notify the NDA and the grant recipient (if the grant recipient is not the NDA) on the effectiveness of the legal arrangements.
- 25.** When the legal arrangements come into force and effect, the GCF Secretariat releases the first tranche of funding. Readiness resources are sent to the bank account of the signing party of the grant agreement.
- 26.** The management of some approved readiness grants may be conducted at the request of the GCF Secretariat by United Nations Office for Project Services (UNOPS) or another other agent as designated by the GCF. When this is the case, it will be indicated in the Notification of Approval letter with specific indication of procedures to be undertaken for such circumstances.

## STAGE 6: IMPLEMENTATION, MONITORING AND REPORTING

- 27.** Readiness activities are implemented according to the specifications of the agreed work plan (including deliverables and timeline) and budget as contained in the approved proposal.
- 28.** A financial management system should be maintained, with separate accounts (i.e. bank account or ledger) and records for all readiness grants.
- 29.** The grant recipient reports to the GCF Secretariat or the designated fund agent, utilizing the progress report template on an agreed schedule, against the work plan, budget, and agreed targets.
- 30.** The grant recipient or the GCF Secretariat may propose potential revisions or adaptations, as required, to future implementation plans. More information regarding reporting can be found below in Part V on Monitoring and Reporting of Readiness Grants.
- 31.** Financial statements should be prepared in accordance with consistently applied accounting standards, audited on an annual basis by reputable independent auditors, and furnished to the GCF Secretariat in accordance with the reporting requirements set in the proposal and/or grant agreement.

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- 32.** When a progress or completion report is submitted, the Secretariat will conduct a preliminary completeness check. If not complete, the grant recipient will be required to resubmit the complete report after which the Secretariat will commence review and: i) the Secretariat will provide comments on submitted reports if needed within forty-five (45) business days and the grant recipient must then return the report with the comments sufficiently addressed; ii) if the report is assessed as satisfactory upon submission or has satisfactorily addressed the Secretariat comments, the disbursement would be released within forty-five (45) business days of the clearance of the report.

## STAGE 7: COMPLETION OF ACTIVITIES AND GRANT CLOSURE

- 33.** Grant recipients should be aware of two key dates as the grant activities approach completion: the end of the grant implementation period (the date by which the activities in the proposal will be completed) and the date of grant agreement expiration, which is three (3) months after the scheduled end of grant activities.
- 34.** Towards the end of the grant implementation period, the grant recipient will prepare the completion report and submit it to the Office of Portfolio Management (OPM) of the GCF Secretariat or the identified fund agent along with a audited financial report. The grant recipient should ensure that all the deliverables as proposed in the approved proposal are also submitted with the completion report. This package of documents should be submitted to the GCF Secretariat before the expiration of the grant agreement.
- 35.** When an extension and/or restructuring of the plan or termination of the grant are required, a set of procedures must be followed. Please refer to Part V of this guidebook.

# PART III. READINESS PROPOSAL USER'S GUIDE

This section provides information on completing the readiness support proposal template.

## SECTION 1: SUMMARY

Please describe how this grant will deliver on the country's readiness needs and build on institutions, processes or existing work already underway in the country.

- 1. Country submitting the proposal:** Please include the name of the NDA or Focal Point, full name, the position, contact details, and full office address. For regional and/or multi-country readiness proposals, please identify the lead country NDA/Focal Point and the other NDAs/Focal Points who have submitted Letters of Financial Support to be involved in the proposal.
- 2. Date of initial submission:** Please insert the date the proposal was first submitted to the GCF.
- 3. Last date of resubmission:** If the proposal has been revised, indicate the date of its most recent submission to the GCF.
- 4. Nominated delivery partner:** Please identify if the implementing organization is a NDA, accredited entity or a delivery partner, and tick the corresponding box. Please tick only one box – NDAs should always tick the NDA box; AEs should always tick the AE box; all other organizations should tick the delivery partner box. Please insert the name of the institution, the name of the official serving as focal point and their position, contact details and full office address. If submitting a proposal with a delivery partner, NDAs are requested to confirm with their delivery partner that they have technically cleared the proposal to be submitted to the GCF. Please ensure that the individual named as the delivery partner focal point is authorized to submit requests for support from the GCF by their institution.
- 5. Title of the readiness support proposal:** Please insert the title of the proposal. Please use a specific title and avoid overly generic titles (e.g., "First Readiness Project in Example Country"). A good example could include "Readiness and preparatory support to implement Green City Development Projects in Rwanda's Secondary Cities" and "Strengthening capacities to scale up climate financing in Colombia and development of country-driven feasibility studies for project formulation on adaptation finance".
- 6. Type of readiness support sought:** Please identify what kind of support is sought by ticking one of the "Objective" boxes in the template. For more information on the revised Readiness Programme objectives, please see Annex I. Please see Annex II for a non-exhaustive list of indicative activities by objective. Please note that for NAP/adaptation planning proposals, only the box for objective 3 may be

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ticked. Other readiness support proposals may feature outcomes and activities under multiple objectives (1, 2, 4, and/or 5).

- 7. Brief summary of the request:** Please include a brief description of specific challenges and existing gaps that the proposal is designed to resolve; the overall project strategy and outcome(s) identified; how GCF readiness support activities will advance this strategy; and, how this change will be visible over time. Please identify the main beneficiaries of the support. Please limit to a maximum of 500 words.
- 8. Total requested amount and currency:** Please provide the total requested amount in US dollars (USD). Please round up to the nearest USD 10.
- 9. Implementation period:** Please indicate the specified duration for the implementation of grant activities in multiples of six months.
- 10. Multiple-year strategic readiness implementation request:** Please indicate if the request falls under the multiple-year strategic readiness implementation request modality (for more information on this modality, including submission guidance and prerequisites, please see Annex IV).
- 11. Complementarity and coherence of existing readiness support:** Has the country received or is expecting to receive other readiness funding allocations (including adaptation planning) from the GCF or other donors? Other sources of non-GCF support could include that provided by: the GEF, Adaptation Fund, or Climate Investment Funds; bilateral or multilateral agencies and financial institutions; NGOs, foundations or philanthropic organizations. Relevant support from these sources would include climate change coordination and governance, capacity building, policy development, and investment planning for climate finance. If yes, please provide the title and objective of the support provided or expected to be provided by the GCF and/or other institutions. Please provide further explanations of how this support is linked to the proposed intervention in section 2.

## SECTION 2: SITUATION ANALYSIS

Please provide a summary of the readiness challenges, needs and/or gaps that have been identified. This information should present the country's baseline situation in the areas or sectors to be supported by the proposed intervention. Please summarize all other relevant readiness and/or adaptation planning support that has been requested, received or is pending from GCF and/or other institutions, building on section 1.11. Please also describe how the current proposal will complement and build upon relevant previous proposals. Please refer to relevant documents that define national climate change and climate finance priorities (e.g. NDCs, NAPs, NAPAs, TNAs, national climate change policies, strategies, and action plans) and the elements of this proposal that will advance objectives identified in those key documents.

Please define the central aim of the proposal in a clear and concise manner. Please provide a list of the identified outcomes and the anticipated deliverables that would contribute to filling the existing gaps and challenges. Further explain how this grant will meet its objectives and build on institutions, processes or existing work already underway in the country. Please also describe how the proposed support will help the country deliver the proposed outcomes in a complimentary manner with other sources of international climate finance.

## SECTION 3: LOGICAL FRAMEWORK

Requests for readiness support should closely match needs and gaps identified through relevant national documents, including specific readiness needs assessments. To help countries prioritize needs and focus on the most strategic areas of development, a logical framework is included in the readiness proposal template. The logical framework is an opportunity for NDAs and their partners to communicate how the proposed activities will address their level of readiness, gaps, and priorities for the future.

This logical framework of the proposal template includes the following elements:

- **Outcomes:** Refers to key results to be achieved in order to access GCF finance, deliver and implement GCF projects and programmes, as well as monitor, report and verify finance flows. Please select relevant outcomes from Annex I of the Guidebook– you must input the outcomes exactly as they appear in Annex I; any outcomes that do not match the Board approved outcomes as per Annex I will not be considered eligible for support. Please note that for NAP/adaptation planning proposals (objective 3), only outcomes 3.1, 3.2, 3.3 and/or 3.4 may be selected. Similarly, for readiness proposals under objectives 1, 2, 4, or 5, only the associated outcomes for those objectives may be selected.
- **Baseline and Targets:** In a brief description (one sentence), describe the current state of play in the country with regards to achieving the chosen outcomes (baseline). Please also provide a brief description (one sentence) to describe the expected progress to be achieved or changes that will be observable as a result of the readiness support (target/s). There should be a baseline and target for each outcome in the logical framework. Please note that the new logical framework for readiness/adaptation planning proposals no longer uses a numerical (0, 1, 2) system for baseline and target. The baseline must be informed by the perceived needs and challenges on the ground and target(s) is/are the progress to be obtained as a result of the implementation of the readiness proposal.
- **Outputs:** An output statement highlights what a project or programme intends to produce to achieve the outcomes. They result directly from activities and development of deliverables. Examples of an output statement in the context of the Readiness Programme could include “gap analysis and needs assessments of the enabling environment for the Readiness Programme/adaptation planning process conducted and/or updated.” After selecting the relevant outcomes from the Annex I of the Guidebook, you should develop relevant outputs under each outcome of your readiness request. Therefore, the logical connection between outputs and outcomes must be clear.
- **Activities:** Specific activities to be undertaken to achieve each of the outputs. Annex II of this Guidebook provides a non-exhaustive indicative list of activities. Additional activities can be proposed as specifically relevant to the identified outcomes of specific proposals.
- **Deliverables:** Explain the tangible products that will result from the successful execution of the activity. Indicate at least one specific deliverable for each output (e.g. technical assessment, action plan, workshop report, communication materials, information system, training materials, etc.). An example output- “Operational guidelines/manuals developed for the functioning of the NDA, including a procedure to establish an effective coordination mechanism” might have as its deliverable “finalized and validated manual for NDA operations”. The deliverable, or final

deliverable if the output envisions multiple deliverables, should mark the end of the specific activity's implementation period.

Please add additional rows to the logical framework if your proposal requires. Remember to use the outcomes exactly as written and numbered in Annex I of this document.

**Note on NAP/adaptation planning (objective 3) proposals:** Countries should identify their adaptation planning outputs based on their specific needs, consistent with the objective 3 of the Readiness Programme. Annex I provides the Board-approved outcomes that can be financed with GCF resources for the formulation of NAPs and/or other adaptation planning processes, which take into consideration NAP technical guidelines. The UNFCCC NAP technical guidelines are a useful reference to assist countries in their adaptation planning efforts. The GCF recognizes that the NAP technical guidelines are not intended to be prescriptive and countries may use them in accordance with their national context. It is also important to note that countries have and are undertaking different approaches to national adaptation planning, including through NAPAs, NAPs and other national undertakings, which can be built on and strengthened with GCF support as part of an ongoing process. Indicative activities are further elaborated in Annex II.

## EXTERNAL RESOURCES ON DEVELOPING LOGICAL FRAMEWORKS

Please note that there are many freely available resources online to inform and educate regarding the essentials building blocks of developing impactful projects, including robust logical frameworks. It is advised that NDAs and delivery partners consult these resources ahead of developing a readiness/adaptation planning proposal or if there is difficulty in designing the logical framework.

External resources include:

- European Commission: [Project Cycle Management Guidelines \(Part 2: The Logical Framework Approach\)](#)
- Department for International Development (UK): [Guidance on using the revised Logical Framework](#)
- Better Evaluation: [The Logical Framework Approach](#)

Please note that these resources are illustrative and intended for informational purposes only. NDAs and delivery partners should not consider them to be a step-by-step guide to completing the logical framework for a readiness proposal.

## SECTION 4: THEORY OF CHANGE

A Theory of Change is a tool used to describe how an intervention (in this case, readiness grant activities) can trigger a chain of results to produce the stated impacts or goals of the intervention. This section consists of two parts: 1) a diagram ToC that shows the chain of results from goal to proposed activities, and; 2) a narrative description of how the proposal will achieve its intended goals, depending on the type (objective) of readiness support requested.

### 1. THEORY OF CHANGE DIAGRAM

For all readiness proposals, please include a Theory of Change (ToC) diagram, which helps articulate, understand and track the multiple pathways and linkages between outcomes, outputs and activities by identifying the desired long-term goals with preconditions and/or interventions that are necessary for change to occur in achieving the desired goal. Moreover, a ToC diagram should stipulate assumptions of the proposal

and potential risks that have been identified and their bearing on the implementation of the proposal. Please see more information in Annex III.

### Step 1: Formulation of the goal

The first step in developing a ToC is determining the overarching goal. It is important to keep in mind that the goal is not what the readiness grant will do on its own, but something that the grant contributes to achieving. In the context of the GCF, it is important to always consider how the goal is aligned with the five Readiness Programme objectives (see Annex I).

### Step 2: Formulation of the goal statement

The goal statement is the second important part of the ToC. It is usually structured in the "IF ... THEN ... BECAUSE..." format and explains the causal linkages between the outcomes, outputs and the goal that the grant will help achieve. It is important to note that the goal statement may be dynamic and updated as proposal development unfolds.

### Step 3: Formulation of outcomes

In this step, the NDA and delivery partner should look into the outcomes that contribute to achieving the goal and the linkages between the various outcomes. The outcomes will then provide the framework to analyze what outputs from what type of activities or interventions will lead to the desired outcomes. Analyzing the relationship among the various project outcomes is crucial to the design of a solid theory of change.

### Step 4: Formulation of outputs

The NDA and/or delivery partner should then analyze the activities and outputs that can lead to the outcomes of the project. Outputs can be related to one specific outcome but may indirectly impact multiple outcomes.

### Step 5: Key assumptions

It is important to identify the assumptions that apply to each of the outcomes, outputs and the underlying activities. While making the assumptions, it may be required to rearrange some of the outcomes and outputs in order to make sure that the ToC applies realistic assumptions linked to the project outcomes.

### Step 6: Identification of barriers and risk

At this stage, the barriers that prevent the realization of the project outcomes shall be identified and listed. When the barriers are aligned with the assumptions and the outputs, it may be required again that some of the outputs, and even outcomes are rearranged.

### Step 7: Fine-tuning of the initial ToC

The development of a ToC requires a series of iterations before it is finalized. Once the initial draft of the ToC is formulated, it is important to review and, if necessary, realign the linkages between the outputs, outcomes and the final goal to ensure that all linkages have been captured, and that the ToC presents in a logical manner how the goal cascades back to outcomes and outputs. In this process, for example, some outputs may be removed or replaced, and linkages changed in order to establish a clear logical pathway.

## 2. THEORY OF CHANGE NARRATIVE

Please note that some proposals may include activities under multiple Objectives. Further note that not all proposals will be necessarily designed to address all the elements described below.

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**(Objective 1) For proposals under the Capacity Building work area:**

- Build the capacity of key institutions including the NDA, DAEs (both as candidates for accreditation and those DAEs already accredited), and non-government actors, as well as the domestic private sector to deliver on national climate change priorities as identified in NDCs, NAPs, NAPAs, NAMAs and low-emission and climate-resilient development strategies;
- Establish and/or enhance governance structures at the national and subnational levels with respect to climate finance programming, stakeholder engagement, and coordination of climate-relevant investment, among others;
- Develop technical capacities of national and subnational institutions and actors to formulate, adapt, and deploy innovative financial mechanisms to fund scaled-up climate actions;
- Incorporate GCF policies (e.g. ESS, gender, and indigenous people's policies; sectoral guidelines) into the operations and decision-making processes of national institutions;

**(Objective 2) For proposals under the Strategic Frameworks work area:**

- Establish and/or contribute to a long-term national vision to 2050 for achieving the aims of the UNFCCC and the Paris Agreement with respect to low- or net-zero emissions and climate resilience, given >1.5oC warmer world;
- Address policy gaps at the national level to foster greater and more efficient deployment of climate finance from both domestic and international sources, including the private sector;
- Formulate and/or enhance core national strategies that guide climate finance investment decision-making (e.g. NDCs, low-emission climate-resilient development strategies, NAMAs, TNAs) and develop action plans for their implementation, including at the subnational level;
- Integrate climate change priorities into national development planning processes;
- Remove market barriers and/or incentivize the engagement of the domestic private sector in climate-relevant investment, especially in the case of adaptation;
- Develop/establish MRV systems for climate finance flows, domestic GHG inventories, or mechanisms to facilitate market-based approaches to climate finance;
- Develop, strengthen and/or update regulatory schemes to expedite the deployment of climate finance into areas of national priority;

**(Objective 3) For proposals under the NAPs and/or Adaptation Planning work area:**

- Address specific anticipated climate impacts and vulnerabilities, in time, through improved planning and engagement;
- Complement other adaptation planning activities that are completed, underway, or foreseen, including:
  - NAPAs, NAPs, and/or other national adaptation plans;
  - Relevant sub-national adaptation plans; and/or
  - Relevant sector-specific adaptation plans.
- Integrate adaptation planning activities with other relevant national, sub-national and sector-specific planning processes;

- Enable inclusive and gender responsive stakeholder engagement mechanisms and inter-institutional arrangements across relevant levels of government and sectors, including with women-led groups, indigenous peoples' organizations, minority communities, and private sector actors;
- Contribute towards:
  - Reducing vulnerability to impacts of climate change, including by building adaptive capacity and resilience;
  - Addressing the gaps/barriers identified in national/sub-national and/or sectoral assessments on climate change such as NAPs (framework or sectoral), NDCs, National Communications to UNFCCC or other relevant national strategy document
  - Facilitating the integration of climate change adaptation into relevant new and existing policies, programmes and activities, in particular development planning processes and strategies within all relevant sectors and at different levels, as appropriate;<sup>8</sup>
  - Integrating adaptation planning activities into specific or broader resilience planning to increase awareness and information on climate change adaptation across government and non-government actors, complementing other relevant new and existing communication strategies, at all levels.

### For proposals under the Paradigm Shifting Pipeline Development work area: *(Objective 4)*

- Enhance the process to identify climate change projects and programmes that meet the stated goals of the GCF investment criteria;
- Improve the country's ability to implement actions identified in NDCs, NAPs and low-emission climate-resilient development strategies through, among others, costed investment plans for priority climate change actions;
- Assess pilot projects implemented through other sources of climate finance for scaling up, expansion, and/or replication and expedite the process for submitting those projects to the GCF;
- Increase the rate of submission of high-quality concept notes for submission to the GCF, including through the Simplified Approvals Process (SAP) and Enhanced Direct Access (EDA) RfP or those targeted for PPF assistance, with a view to submitting a funding proposal to the GCF Board. Concept notes developed with readiness support should strive to satisfy the [GCF investment criteria](#), and in particular the following dimensions of paradigm-shift potential:
  - Potential for scaling up and replication, and contribution to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees;
  - Overall contribution to climate-resilient pathways consistent with a country's climate change adaptation strategies and plans;
  - Potential for knowledge and sharing lessons learned;
  - Contribution to the creation of an enabling environment (e.g., removal of systemic barriers to climate action; conditions incorporated for sustainability of support; creation of new markets and/or business activities), and;
  - Contribution to the regulatory framework and policies.

<sup>8</sup> Agreed COP objectives of the national adaptation plan process ([decision 5/CP.17, paragraph 1](#))

## SECTION 5: BUDGET, PROCUREMENT, IMPLEMENTATION AND DISBURSEMENT

in a separate Excel sheet –  
“the Budget, Procurement and  
Implementation Plan”

### SUB-SECTION 5.1 – BUDGET PLAN

- Outcomes and outputs should be the same as Logical Framework in Section 3.
- Cost per outcome must be provided and broken down by the following budget categories:

Local Consultant – Individual	Workshop/Training
International Consultant – Individual	Travel – Local
Contractual Services – Companies/firm	Travel - International
Office Supplies	Audio visual & Printing
IT equipment	Audit Fee

- Please add rows for outcomes, outputs, and cost categories as required. Moreover, please provide sufficient breakdown of costs to effectively evaluate the value for money, with particular detail for activities valued over USD 50,000. Each budget line requires the cost breakdown, example as follows:
  - **Consultancy:** Itemize each national and international consultants and other personnel by unit and unit cost by monthly or daily rates. International and local consultant rates should be benchmarked against the market; DSA rates should be consistent with International Civil Service Commission guidelines; any consultant travel should be strictly limited to missions required for successful completion of the project activities.
  - **IT equipment:** Provide unit/quantity and unit cost for equipment to be purchased. Please note that laptop computers for project management unit (PMU) should be budgeted under the project management cost (PMC) category and not as a project activity cost.
  - **Travel (local and international):** Estimate number of trips and cost per trip. Any outbound international travel must be cleared and justified as part of the proposal approval process.
  - **Workshop/Training:** estimate number of participants per workshop/training, number of days and cost per workshop/training.
  - **Audit:** Ensure appropriate unit cost per audit, using as reference a benchmark of USD 4,000 per audit.
  - **Evaluation:** Terminal evaluation cost for proposals with implementation periods longer than 24 months.
- **Expenditure Plan:** “m” refers to months. For “6m”, this is the initial period that encompasses the start date of activities as per the readiness grant agreement. Additional months may be added in multiples of 6 months.
- In addition to the cost per activity, the budget plan may include:
  - **Contingency:** Up to 3 per cent of total activity budget (excluding PMC and delivery partner fee). The contingency budget may be used for any unforeseen programme (output level) cost, such as FX gain and loss, courier service, unforeseen increases beyond budgeted costs for consultants, which is unrelated to implementation/service fee. Any use of contingency budget must be reported in the financial report. When reporting to the GCF, grant recipients must provide justifications for using contingency funds that are acceptable to the GCF. Any

unspent contingency budget must be returned to the GCF and may not be reprogrammed into additional activities beyond the scope of the approved proposal or purchase of additional equipment. Grant recipients are encouraged to contact GCF Office of Portfolio Management<sup>9</sup> if they have questions regarding the use of contingency budget.

- **Project management costs (PMCs):** PMCs are the direct administrative costs incurred to execute a readiness grant. In most cases, these costs are directly related to the support of a dedicated PMU which manages the day to day execution related activities of the project. General principles of PMC:
  - PMC budget threshold is up to 7.5 per cent<sup>10</sup> of total activity budget and contingency;
  - PMC exceeding 7.5 per cent for the readiness (including adaptation planning) proposals, up to USD 3 million, will require detailed documentation and justification supporting the entire PMC budget; and
  - The PMC should be shown as a separate component in the project budget. A detailed breakdown of PMC should be provided.
- Indicative list of eligible costs under PMC:
  - Consultants hired to staff the project, including Project Manager, Project Assistant, Procurement Personnel, and Finance and Admin Personnel;
  - Other direct costs such as office equipment, mission-related travel cost for PMU, project management systems and information technology, office supply, and audit cost;
  - Costs of translating grant progress and completion reports to the GCF into and out of English, as pre-approved by the GCF.
- Indicative list of ineligible costs under PMC:
  - Cost of salaries and benefits of seconded staff from the Executing Entities (EEs), unless pre-approved by GCF;
  - Cost of salaries and fees for the DP staff or consultants, unless these have been pre-approved by GCF;
  - Any budget costs indicated as contingent costs;
  - Budgeted costs under general classifications such as miscellaneous or unspecified;
  - Outbound international travel costs, unless pre-approved by the GCF;
  - Capital goods other than those directly required for the successful execution of the proposal;
  - Monitoring of project indicators and periodic monitoring reports (these are budgeted under the measurement and evaluation budget and is a separate line of the project costs).
- **Delivery partner fee:** Up to 8.5 per cent.<sup>11</sup> This should be calculated on the total budget i.e. Total Activity + PMC + Contingency.
  - Purpose and intended use: the use of fee by delivery partner will be subject to reporting and certification. It is intended that fees are used to support

<sup>9</sup> Office of Portfolio Management service account email: [opm@gcfund.org](mailto:opm@gcfund.org)

<sup>10</sup> Please refer to decision [B.19/09, annexes VIII and IX](#)

<sup>11</sup> Please refer to decision [B.19/09, annexes VIII and IX](#)

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the implementation of readiness grants and other eligible Readiness grant-related activities.

- Economies of scale: delivery partners managing more than five GCF projects or readiness grants are expected to explore synergies in the management of projects in their GCF portfolio, which should result in cost savings across the portfolio of projects under management, which is to be reflected in the fee request.
- Indicative list of eligible costs under delivery partner fee:
  - Project implementation and supervision:
    - Appraise and finalize project implementation arrangements, including mission travel;
    - Assist and advise the project proponent on the establishment of project management structure in the recipient country/countries;
    - Assist project management to draft terms of reference (TOR) and advise on the selection of experts for implementation;
    - Advise on and participate in project start-up workshops;
    - Conduct at least one supervision mission per year, including briefing operational focal points on project progress;
    - Provide technical guidance, as necessary, for project implementation’
    - As necessary, include technical consultants during supervision missions to advise government officials on technical matters and provide technical assistance for the project as needed;
    - Oversee procurement and financial management to ensure implementation is in line with the policies and timelines of the DPs;
    - Disburse funds to the EEs/vendors (as applicable) and review financial reports;
    - Assist/oversee the audit process throughout the project life cycle;
    - Oversee the preparation of the required reports for submission to the Secretariat;
    - Monitor and review project expenditure reports;
    - Prepare periodic revisions to reflect changes in annual expense category budgets.
  - Project reporting and evaluation
    - Oversee the preparation of the project completion report/independent terminal evaluation, and submit the report to the Secretariat;
    - Prepare project closing documents for submission to the Secretariat; and
    - Prepare the financial closure of the project for submission to the Secretariat.

*in a separate Excel sheet –  
“the Budget, Procurement and  
Implementation Plan”*

## **SUB-SECTION 5.2 – PROCUREMENT PLAN**

- The section on the procurement plan must be completed in accordance with the procurement policies and procedures of the organization implementing the readiness project. It may cover the full amount requested or at least for the first tranche of disbursement to be requested. Where the procurement plan only covers the first tranche of disbursement, a procurement plan for the remaining

disbursement must be submitted along with the disbursement request for subsequent tranches.

- The GCF prefers that the delivery partner selects national consultants where possible, over regional/international consultants, and proper justification must be provided if/when regional/international consultants are required. Please use sub-section 6.2 below to provide justification for procurement of regional/international consultants, if any.

*in a separate Excel sheet –  
“the Budget, Procurement and  
Implementation Plan”*

### SUB-SECTION 5.3 – IMPLEMENTATION PLAN

- The section on the implementation plan must be completed using a Gantt chart format. Prior to submitting the proposal, please double check to ensure the Logical Framework in Section 3 matches the Implementation Plan. For each activity, please indicate the time frame of the activity by shading the relevant cells under “Monthly Implementation Plan of Activities” part of the table. Please also include the deliverable of each activity as the last row of the activity and indicate the month in which the deliverable will be submitted to the GCF by inserting “X” in a relevant cell.

### SUB-SECTION 5.4 – DISBURSEMENT SCHEDULE

- The disbursement schedule should be clearly described and whenever feasible matched with the anticipated outcomes or outputs in the proposal. The GCF will consider making multiple disbursements in order to mitigate implementation risks and to ensure that activities identified in the proposal are being properly implemented. A clear timeline of submission of reports and deliverables should be linked to disbursement schedules.
- If the delivery partner has a readiness framework agreement with the GCF, please refer to the relevant clause of the framework agreement in the disbursement schedule text. A sample is provided in the template.

## SECTION 6: IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

This section should lay out the implementation arrangements by explaining the roles and responsibilities of the NDA, the delivery partner, the grant recipient and the any other parties involved in the implementation of the readiness support. The NDA and/or delivery partner should also provide a monitoring plan by providing a clear set of milestones to enable effective monitoring of the readiness grant.

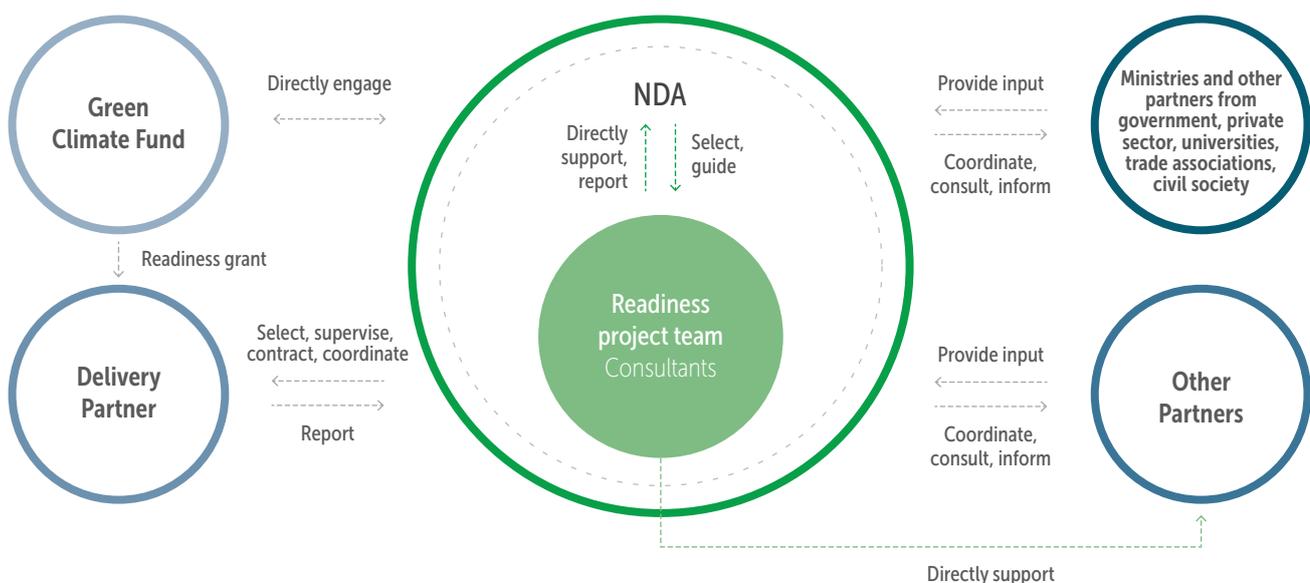
In addition to reporting to GCF on the implementation of grant activities as per the agreed schedule in the approved proposal, it is the role of the delivery partner to report regularly to NDAs. The delivery partner should maintain consistent and clear lines of communication and reporting to the NDA. Such regular updates (for example, on a monthly basis) can ensure NDAs are informed as to the status of implementation and are in a position to play their key role of oversight, coordination and advice to direct implementation.

**Note on implementation period, start/end dates, and grant expiration:** NDAs are encouraged to plan carefully the implementation period of the proposal. For the avoidance of doubt, start dates for implementation occur on the day of notification of effectiveness for all bilateral [grant agreements](#); start dates for implementation of grants under [framework agreements](#) are described in the effective framework agreements themselves. The implementation period extends from the start date to the end of grant activities, a period of months defined in Section 1.9 above and outlined in the Implementation plan in Section 5.3. The date of grant expiration, for both bilateral grant agreements and grants under framework agreements, indicates the date by when the grant recipient must submit the completion report, final audited financial report and any remaining deliverables. The grant expiration date is three (3) months following the end of the implementation period. No financial commitments or expenditures may be made after the grant expiration date.

## SUB-SECTION 6.1 – IMPLEMENTATION ARRANGEMENTS

- Please provide a narrative description of the roles and responsibilities of the different organizations involved in the project (delivery partner, executing entities, NDA, if applicable, and other actors), the legal relationships between them, and the flow of funds/information within the project. The role of the NDA should be in line with the principle of country ownership.
- The implementation arrangements can be illustrated through an “Implementation map” which aims to provide an at-a-glance overview of the key actors in the implementation of the readiness grant to enhance transparency as well as accountability. Please provide a visual representation or a diagram that maps the organizations involved in the project (delivery partners, executing entities, NDA, if applicable, and other actors), and the flow of funds/information within the project. Please see an example implementation map below:

**FIGURE 4. EXAMPLE OF AN IMPLEMENTATION ARRANGEMENTS MAP**



## SUB-SECTION 6.2 – IMPLEMENTATION AND EXECUTION ROLES AND RESPONSIBILITIES

- Please describe the roles and responsibilities of envisioned project staff and consultants.
- Please provide information regarding the essential skills and experience for technical staff and consultants, in sufficient detail to ascertain their ability to complete specific activities and deliverables.

## SUB-SECTION 6.3 – RISKS AND MITIGATION MEASURES

- Please use this section to describe the potential risks, as well as the risk monitoring plan.
- Please provide potential risks that have been identified so far and corresponding mitigation measures in this section.
- For example, potential risks that require mitigation measures could include: delays in implementation at grant launch from procurement of consultants/firms and obtaining governmental clearances; potential disruptions from conflict or natural disasters; cost and market risks; inadequate coordination/participation among stakeholders or institutions; lack of political will to support the project to completion. Such risks could also include potential risks and vulnerabilities for money laundering, terrorist financing, and prohibited practices.
- Please include in the risk mitigation plan a risk table that displays the probability (e.g., low, medium, or high) and the impact level (e.g., low, medium, or high) of a given risk occurring and specify the entity which will manage the risk. If there are no execution risk identified so far, state it clearly in the proposal.
- Please consider including lessons learned in the implementation of past projects or similar projects especially if the NDA/delivery partner has already implemented or is implementing readiness grants.

## SUB-SECTION 6.4 – MONITORING

- Please describe the monitoring plan for the readiness proposal. Through this plan, progress towards achieving results should be properly and systematically monitored. Please indicate how the monitoring will be conducted by which organization, with what frequency, and how results of monitoring will be fed back into the implementation of the proposal.

## SUB-SECTION 6.5 – OTHER RELEVANT INFORMATION

- Please provide a brief summary of cooperation between the delivery partner with the NDA/Focal point. Please also describe how the delivery partner was selected and how the NDA decided the delivery partner was best placed to implement the proposal.
- Please also describe the exit strategy (how project sustainability will be ensured in the long run and how this will be monitored, after the project is implemented with support from the GCF) which would include the systematic capturing of lessons learned and knowledge management and/or the transfer of capacity and skills to the NDA and other relevant stakeholders at the national and subnational levels.
- If the delivery partner for a readiness proposal is an accredited entity or candidate entity for accreditation, the following statement must be included: *“To avoid any possible conflicts of interest deriving from the delivery partner’s role as an accredited entity, the prioritization of investments and projects in the context of this readiness grant, will be made through a broad consultation process with*

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*relevant stakeholders, including other potential implementing entities. The final validation of these priorities will be carried out through the countries' own relevant coordination mechanism and institutional arrangements, with the participation of other government agencies, as well as representatives from civil society and private sector as the NDA deems relevant, to ensure chosen priorities are fully aligned with national plans and strategies and adequately includes inputs from consulted stakeholders."*

# PART IV. APPRAISING READINESS PROPOSALS

This part of the Guidebook explains the appraisal process developed and applied by the GCF Secretariat when undertaking technical review of readiness proposals. The section also provides examples of good practice that may help NDAs and delivery partners when developing a new readiness proposal.

## 1. QUALITY ASSURANCE AT ENTRY

The appraisal process for all readiness proposals contains three interlinked steps: 1) initial review for quality upon official submission; 2) interdivisional technical review, and; 3) appraisal.

As described in the above section on the readiness proposal approval cycle, the GCF Secretariat undertakes an initial review of all officially submitted proposals. The initial screening is performed by the team in the Division of Country Programming responsible for the Readiness Programme. This review is guided by the quality assurance (QA) checklist developed by the GCF Secretariat and available in Annex VIII of this Guidebook. Once the initial review is performed by the Readiness team in DCP, the proposal and annexes, review sheet and QA checklist are circulated to the entire interdivisional review team.

The format of the QA checklist follows the different sections of the proposal template. The utility of the QA checklist is two-fold: 1) it provides clear binary (yes/no) questions to discern if the NDA has addressed key elements as requested in each section of the proposal template, and; 2) it provides a starting point for the interdivisional committee from which to begin their own review. While the Readiness team undertakes a substantive review of the proposal for its value as a readiness intervention, the interdivisional committee performs due diligence checks on legal matters, budget and procurement, monitoring and reporting, and risk management and compliance. Therefore, the review sheet and QA checklist make the process more efficient by pinpointing areas where specific expertise of the interdivisional committee is required.

Upon completion of the interdivisional review, the completed review sheet is returned to the NDA and delivery partner, where relevant. The NDA is expected to address the comments in the review sheet in a revised and resubmitted proposal. The GCF Secretariat aims to ensure this process is as efficient and expedited as possible; NDAs and delivery partners are reminded that timely responses to returned proposals and high-quality resubmissions are of critical importance.

## 2. APPRAISAL CRITERIA AND BEST PRACTICE EXAMPLES

Once the resubmitted proposal is deemed to be of sufficiently high quality, the Readiness team performs the appraisal that will be considered during proposal endorsement and final approval. The GCF Secretariat has developed appraisal criteria and an indicative set of good practices to support NDAs and their delivery partners in developing Readiness proposals for the GCF. The appraisal criteria and associated good

practices are based on learning gained from proposals submitted to the Readiness Programme. While not all the appraisal criteria will be necessarily relevant for every readiness proposal, these criteria provide important insight regarding the qualities of a high-quality readiness proposal for submission to the GCF.

Please note that criteria 9 and 10 are specific to adaptation planning proposals (objective 3) only.

**TABLE 2. READINESS PROPOSAL APPRAISAL CRITERIA AND GOOD PRACTICE EXAMPLES**

APPRAISAL CRITERIA	EXAMPLES OF GOOD PRACTICE
<p><b>1. Country ownership</b></p>	<ul style="list-style-type: none"> <li>• Elaborating how the support will respond to and advance NDCs and national development plans.</li> <li>• Articulating focus of the proposal based on specified gaps in information and planning, including based on stocktaking and situational analysis where relevant.</li> <li>• Deepening sectoral, geographic, or impact-specific planning within the context of a broader national vision, to produce precise and implementation-ready planning.</li> <li>• Building on and strengthening current policy and institutional frameworks that will support implementation of projects and programmes.</li> <li>• For objective 3 on adaptation planning, considering multiple adaptation planning proposals to the GCF over time for iterative phases of increasingly sectoral or local planning, potentially with different delivery partners to access most relevant and targeted technical expertise. More than one proposal for adaptation planning support through the Readiness Programme may be submitted and be implemented at the same time.</li> <li>• Articulating Terms of Reference for a delivery partner to implement the proposal and selecting them based on the required expertise and qualities.</li> </ul>
<p><b>2. Theory of Change</b></p>	<ul style="list-style-type: none"> <li>• Strong logical framework with clear causal link between outcomes, outputs and activities.</li> <li>• Illustrating how each outcome and their outputs and activities will achieve the stated objectives, ideally using a simple graphic.</li> <li>• Articulating how the proposed activities will address priorities identified in the NDC, as well as address or build from the GCF Country Programme, and result in development of specific programmes and projects which will seek support from the GCF and other sources.</li> <li>• Defining how the support requested will contribute to strengthening durable institutional capacities to implement programmes and projects.</li> </ul>
<p><b>3. Avoidance of duplication of effort</b></p>	<ul style="list-style-type: none"> <li>• Starting where other readiness, NAP and/or other adaptation planning processes left off and clarify the additionality of the proposal in addition to the approved grants to the country.</li> <li>• Focusing any new assessments and methodologies on critical information gaps and institutionalising these approaches.</li> <li>• Prioritising the use of existing information to communicate and engage with private and public decision-makers at different levels.</li> <li>• Articulating how new proposals for readiness support will build on and link with previous, existing national and sub-national planning processes.</li> <li>• Articulating how the readiness activities will build on and further catalyse ongoing awareness building activities for mitigation and adaptation investment.</li> <li>• Describing if the country has already assessed capacity and information needs at the national and sub-national levels.</li> </ul>
<p><b>4. Gender considerations</b></p>	<ul style="list-style-type: none"> <li>• Building social dimensions, including differences based on gender, into proposed activities.</li> <li>• Articulating how social dimensions, including differences based on gender, will be integrated into the proposed activities, including communication materials.</li> <li>• Collecting and managing sex-disaggregated information to inform planning and programming processes.</li> </ul>

APPRAISAL CRITERIA	EXAMPLES OF GOOD PRACTICE
<b>5. Private sector investment strategy</b>	<ul style="list-style-type: none"> <li>• Producing the evidence base that supports the business case for private investment in low-emission and climate-resilient development.</li> <li>• Defining a sustainable finance sector investment strategy.</li> <li>• Communicating tailored climate information to attract private sector investment for adaptation and raise awareness on resilience building.</li> <li>• Engaging with the finance sector to develop new financial products, blended finance approaches, and/or service markets that accelerate uptake of climate technologies</li> <li>• Catalysing private-public partnerships for adaptation action.</li> </ul>
<b>6. Monitoring and evaluation</b>	<ul style="list-style-type: none"> <li>• Designing a results-based framework supported by quantitative indicators to track and monitor progress and evaluate performance against specified targets over time, across sectors and scales.</li> <li>• Establishing a mechanism for operationalising impact measures and evaluation across different sectors, agencies and levels of government.</li> <li>• Integrating planning measures and evaluation within existing mechanisms.</li> <li>• Defining a contingency plan for monitoring risks that can affect implementation of mitigation and adaptation efforts.</li> <li>• Strengthening approaches to learning and iterative management-based adaptation measures and evaluation.</li> </ul>
<b>7. Complementarity and coherence with other funds</b>	<ul style="list-style-type: none"> <li>• Indicating the financial support that has been received or is foreseen from other sources for readiness-type activities, including the development of a NAP or other national adaptation planning processes, including but not limited to the Global Environment Facility (GEF) and Adaptation Fund, as well as readiness support provided by other funding sources.</li> <li>• Describing the nature of that support and how additional resources proposed to the GCF will be complementary to and build on other sources of funding.</li> <li>• Enhancing channels for communication between different focal points (NDAs and other respective focal points for the country under different climate funds).</li> <li>• Coordinating the development of GCF Country Programmes to utilize opportunities across the climate finance landscape as part of the process of engaging existing and prospective implementing entities to identify the practical steps that will enable implementation of the country's strategies with the GCF.</li> <li>• Identifying issues that may arise throughout the programming and planning process where enhanced coordination between NDAs and accredited entities can be beneficial to enhance the support to help the country realise a paradigm to low emission and climate resilient development.</li> </ul>
<b>8. Stakeholder engagement</b>	<ul style="list-style-type: none"> <li>• Clearly defining the beneficiaries of the proposed intervention</li> <li>• Defining a clear mechanism for stakeholder engagement and coordination, including for the iterative adaptation planning process, including a focus on private sector, sub-national governments and civil society organisations.</li> <li>• Communicating climate mitigation potentials, climate impacts, risks and vulnerability information to key stakeholders, including the private sector, in compelling and easy to use formats.</li> <li>• Establishing and/or strengthening existing institutional arrangements to increase the effectiveness of mitigation and adaptation implementation, including at the local level, and for reducing transaction costs and barriers for private sector investment.</li> <li>• Integration of stakeholder engagement processes within existing broader development planning and coordination mechanisms.</li> <li>• Integration of stakeholders through a new or existing broader structured communication strategy showcasing resilience building actions.</li> <li>• Ensuring that engagement of stakeholder is sensitive to gender issues and representation, social inclusiveness and considers vulnerable groups and/or communities</li> </ul>

APPRAISAL CRITERIA	EXAMPLES OF GOOD PRACTICE
<p><b>9. Plan to address specific vulnerabilities and climate impacts</b></p>	<ul style="list-style-type: none"> <li>• Designing activities to address specific climate impacts and vulnerabilities based on localised climate risk mapping and assessment.</li> <li>• Conducting localised analysis of climate impacts as well as the vulnerability of specific economic activities and populations to these impacts.</li> <li>• Analysing the barriers to addressing identified vulnerabilities, and the actions needed to address these barriers.</li> <li>• Prioritising adaptation actions as well as explicit programmes and project ideas to address the specified impacts and vulnerabilities, including consideration of financial costs and climate impacts of different options.</li> <li>• Engaging private sector and public decision-makers, including at local levels, in planning based on accessible climate impact and vulnerability information.</li> </ul>
<p><b>10. Adaptation financing strategy</b></p>	<ul style="list-style-type: none"> <li>• Developing a strategy that defines high potential funding sources for specified areas of adaptation action, including private and public, domestic and international sources.</li> <li>• Developing a prioritised pipeline of adaptation programmes and project ideas, as well as concepts notes for submission to GCF, drawing relevant prioritisation criteria as needed from existing methodologies. To avoid any possible conflict of interest deriving from the delivery partner's role as an accredited entity to the GCF, the prioritization of projects for GCF funding should be made through a broad consultation process with relevant stakeholders, under the leadership of the NDA.</li> <li>• Considering a combination of funding options from taxes (public resources), tariffs (private payments), and transfers (international cooperation); as well as financing of up-front capital to be repaid over a period of time. Financing may make use of instruments such as loans, bonds, equity and others.</li> <li>• Exploring blended finance options to use development finance or philanthropy to mobilize private financing for adaptation.</li> <li>• Defining an adaptation planning sustainability strategy of how relevant adaptation planning activities will be sustained after the GCF funds are spent, including the updating of datasets, retention of knowledge, complementarity with existing web-based platforms, and actors trained through the process.</li> </ul>
<p><b>11. Budget and procurement</b></p>	<ul style="list-style-type: none"> <li>• Ensuring the efficient use of resources that will deliver the outcomes with the highest value for money, including by building on existing initiatives and partnering with complementary projects and programmes.</li> <li>• Benchmarking proposed costs for project-specific items (consultant fees, workshop costs, etc.) against relevant national costs</li> <li>• Submitting proposals with complete budget notes and procurement plans that reflect the implementation schedule of proposed activities</li> </ul>
<p><b>12. Results-based management</b></p>	<ul style="list-style-type: none"> <li>• Planning deliverables per each outcome that clearly evidence the achievement of proposed targets</li> <li>• Grounding baselines and targets as well as the nature and type of deliverables that can speak to the impact resulting from the proposed activities in tangible terms (e.g. survey, testimony, or regular follow ups with the stakeholders engaged will be preferred to the meeting minutes of stakeholder engagement workshops)</li> <li>• Incorporating measures for the generation of knowledge through the implementation of the activities and ensuring it is captured, shared and used to inform and improve capacity and technical skills of stakeholders</li> <li>• Building into project activities a framework for the sustainability of support beyond the life of the proposed readiness/adaptation planning intervention</li> </ul>

# PART V. IMPLEMENTING READINESS GRANTS

This section provides guidance to NDAs and delivery partners to facilitate the effective and efficient implementation of approved readiness grants.

## 1. MONITORING AND REPORTING OF READINESS GRANTS

Once the first disbursement of funds is made and the activities enter into implementation phase, the grant recipient is required to report to the GCF Secretariat on the progress made at the end of the reporting period. Please note the following points regarding the reporting of readiness grants:

- Readiness activities are implemented according to the specifications of the agreed work plan (including deliverables and timeline) and budget.
- A financial management system should be maintained, with separate accounts (i.e. bank account or ledger) and records for readiness support.
- The grant recipient reports to GCF, utilizing the relevant templates<sup>12</sup> on an agreed schedule, against the work plan, budget, and agreed targets; and proposes potential revisions or adaptations, as required, to future implementation plans.
- Financial statements should be prepared in accordance with consistently applied accounting standards, audited on an annual basis by registered independent audit firms, and furnished to the GCF Secretariat in accordance with the reporting requirements set in the proposal and/or grant agreement.
- Reports submitted to the GCF Secretariat will be disclosed on the GCF website in accordance with the GCF information disclosure policy.
- The GCF is able to request, audit and verify documents/reports and data related to the project execution upon request to the extent defined in the grant agreement or framework agreement.
- Towards the end of the readiness grant implementation period, the grant recipient will prepare the Completion Report and Audited Financial Report and submit them to the GCF Secretariat.

Timely and high-quality reporting is essential to allow the GCF Secretariat to maintain the agreed disbursement plan. Following the submission of a progress report, the GCF Secretariat may revert to the grant recipient for further information.

## 2. ADAPTATIVE MANAGEMENT OF GRANTS UNDER IMPLEMENTATION

Once a readiness grant enters implementation, a revision or adjustment to the original plan might be warranted due to unforeseen events or change of circumstances.

<sup>12</sup> The revised Interim Progress Report and the Completion Report templates will be made available online in 2020, along with self-explanatory instructions for completing the templates.

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Considering the legal requirements stipulated in the agreements as well as the Fund's internal policy and procedure, below is a guideline for NDAs and delivery partners on how to address some of the most common issues encountered during implementation of activities.

- **No-cost extension:** The NDAs/delivery partners must submit a written request to the GCF Secretariat using the relevant template together with a justification for the extension including the need for continuing the activities and a demonstration that sufficient funds remaining to cover the extended period. The request must be received at least 60 days prior to: the end of the implementation period<sup>13</sup> in the case of framework agreements, or; the grant expiry date in case of bilateral grant agreements. The GCF seeks to minimize the issuance and duration of no-cost extensions whenever possible. Grant recipients will be required to provide robust and detailed justifications for any no-cost extensions, which should be requested only for extraordinary circumstances impacting grant delivery.
- **Restructuring:** The grant recipient must submit an official signed written request to the GCF Secretariat by providing a comparison between the original and requested revisions to the outcomes, outputs and activities with corresponding budget modification, together with a justification for the proposed changes. If the request is initiated by the delivery partner, the NDA should also provide written endorsement of the changes and adjustments by email or letter. A tabular summary of the changes proposed is useful, for example in the form of a change-frame, showing summary descriptions and reasons for the proposed changes, and the effect on expected outputs and budget.
- **Cancellation:** There may be instances where cancellation of a grant is necessary or requested by the grant recipient, the NDA, or the GCF. Grant agreements and framework agreements allow for cancellation of the grant by either the grant recipient or the GCF. This process entails cancellation of any undisbursed amounts and refund of an ineligible or unrequired amount of the disbursed proceeds as a consequence of certain events, as detailed in the grant agreement or framework agreement. Grant recipients requesting cancellation must inform the GCF and the NDA (in instances where the recipient is not the NDA) in writing of their intention to and justification for canceling the grant.
- **Budget issues:** During the project implementation, NDAs/delivery partners might encounter situations where changes from the initial budget plan or financing schedule might be warranted. Below is a set of guidelines that will be applied to the activities funded under the Readiness Programme that are under implementation.

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<sup>13</sup> The end of the implementation period, i.e. a target completion date can be calculated adding the approved duration of the grant activities to the notification date of approval/effectiveness. Please note that this date may not be the same as the individual grant expiry date.

**TABLE 3. BUDGET EVENTS AND RESPONSE PROCEDURES FOR READINESS GRANTS UNDER IMPLEMENTATION**

EVENT	PROCEDURE
<b>Unplanned/unsolicited activities and budget</b>	Any unplanned/unsolicited activities and budget must seek prior approval from the GCF Secretariat in writing. Grant recipients should provide justification that is acceptable to the GCF.
<b>Budget reallocation</b>	Any reallocation of approved budget among the cost categories resulting in a variation of more than 20% must seek prior approval from the GCF Secretariat in writing. This method may not be used to increase the project management costs.
<b>Subsequent disbursement threshold</b>	For disbursements subsequent to the first disbursement, evidence should be provided in progress reports and/or financial reports that at least 70% of the total funds previously disbursed have been expended or committed.
<b>Retroactive financing</b>	The GCF proceeds shall not be used to finance any costs incurred prior to the effective date of the legal agreement between the grant recipients and the GCF or the designated fund agent..
<b>Use of contingency</b>	Any use of contingency budget must be reported by the grant recipient in the Financial Report. Grant recipients must provide justifications for using contingency funds that are acceptable to the GCF.
<b>Monitoring and Evaluation (if necessary)</b>	<p>Monitoring and evaluation should clearly identify activities to be performed and deliverables to be given.</p> <ul style="list-style-type: none"> <li>• <b>Covered in project management costs:</b> Tracking and monitoring of project costs and deliverables to plan.</li> <li>• <b>Not covered in project management costs:</b> Monitoring of project indicators and periodic monitoring reports (these are budgeted under the measurement and evaluation budget and is a separate line of the project costs).</li> </ul>

# ANNEX I.

## READINESS PROGRAMME

### OBJECTIVES AND OUTCOMES

The following objectives and outcomes were approved by the Board in decision [B.22/11](#). The logical frameworks of all readiness proposals must use the wording and numbering of the outcomes as laid out in the table below. Please note that proposals for adaptation planning support (objective 3) must contain only the outcomes under that objective. Similarly, no outcomes under objective 3 may be included in proposals for Readiness support under objectives 1, 2, 4, or 5.

**TABLE 4. OBJECTIVES AND RELATED OUTCOMES FOR READINESS PROPOSALS**

OBJECTIVES	OUTCOMES
<p><b>Objective 1</b> <b>Capacity Building</b></p> <p>GCF recipient countries and relevant stakeholders set up adequate systems – human, technical and institutional – that enables them to fulfil their roles and responsibilities towards the GCF and enhance their ability to achieve their objectives</p>	<p><b>Outcome 1.1</b></p> <p>Country NDAs or focal points and the network/ systems that enable them to fulfil their roles, responsibilities and policy requirements are operational and effective</p>
	<p><b>Outcome 1.2</b></p> <p>Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF’s accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities</p>
	<p><b>Outcome 1.3</b></p> <p>Relevant country stakeholders (which may include executing entities, civil society organizations and private sector) have established adequate capacity, systems and networks to support the planning, programming and implementation of GCF-funded activities</p>
<p><b>Objective 2</b> <b>Strategic Frameworks</b></p> <p>GCF recipient countries develop robust strategic frameworks to guide GCF investment in complementarity other climate financiers</p>	<p><b>Outcome 2.1</b></p> <p>GCF recipient countries have developed Country Programmes to guide GCF investment and programming of readiness support resources</p>
	<p><b>Outcome 2.2</b></p> <p>GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment</p>
	<p><b>Outcome 2.3</b></p> <p>Entity Work Programmes of accredited direct access entities developed, that are aligned with the priorities of the countries, including Country Programmes and the GCF result areas</p>
	<p><b>Outcome 2.4</b></p> <p>Strategies for transforming and attracting private sector investment for low emissions and resilience developed and being used</p>

OBJECTIVES	OUTCOMES
<p><b>Objective 3 National Adaptation Plans and Adaptation Planning Processes</b></p> <p>GCF recipient countries establish integrated adaptation planning and monitoring systems to enable climate resilience across sectors, as well as strengthen impact and catalyze the scale of public and private adaptation finance, based on strong climate rationale and active stakeholder engagement</p>	<p><b>Outcome 3.1</b> Adaptation planning governance and institutional coordination strengthened</p> <p><b>Outcome 3.2</b> Evidence basis produced to design adaptation solutions for maximum impact</p> <p><b>Outcome 3.3</b> Private sector engagement in adaptation catalyzed</p> <p><b>Outcome 3.4</b> Adaptation finance increased</p>
<p><b>Objective 4 Pipeline Development</b></p> <p>Emanating from strategic frameworks and entity work programmes, a transformational pipeline developed of quality concept notes and funding proposals, including LDCs, SIDS and African states, and direct access accredited entities</p>	<p><b>Outcome 4.1</b> An increase in the number of quality project concept notes developed and submitted</p> <p><b>Outcome 4.2</b> An increase in the number of quality funding proposals developed and submitted from accredited Direct Access Entities</p> <p><b>Outcome 4.3</b> An increase in the number of quality project concept notes developed and submitted that target SIDS, LDCs and African states</p> <p><b>Outcome 4.4</b> An increase in the number of quality funding proposals developed and submitted that target SIDS, LDCs and African states</p> <p><b>Outcome 4.5</b> An increase in the proportion of PPF requests and funding proposals approved as a result of Readiness and Preparatory Support</p>
<p><b>Objective 5 Knowledge sharing and learning</b></p> <p>GCF recipient countries have benefited from increased levels of awareness, knowledge sharing and learning that contribute to their developing and implementing transformational projects in low-carbon and climate-resilient development pathways</p>	<p><b>Outcome 5.1</b> Best practices with respect to institutional capacity building and coordination, direct access, and pipeline development are developed and disseminated to strengthen engagement by NDAs, DAEs, and delivery partners with the GCF</p> <p><b>Outcome 5.2</b> Partnerships established to foster development and dissemination of methods, frameworks, and information systems for enhanced climate finance programming at subnational, national, and regional levels</p>

# ANNEX II.

## INDICATIVE LIST OF ACTIVITIES FOR READINESS SUPPORT

Please note that these are indicative examples of activities that can be considered for readiness funding. Countries are encouraged to formulate their activities based on their specific needs and that are consistent with the objective of the GCF Readiness Programme.

### **Objective 1: Capacity building for climate finance coordination** (including for establishing and strengthening National Designated Authorities or Focal Points)

- Enabling NDA coordination mechanisms with accredited entities, national designated entities (NDE), focal points for other climate funds and multilateral environmental agreements and other stakeholders to identify national priorities for country programming.
- Strengthening institutional capacities so that the NDA or focal point can effectively fulfil its role.
- Developing national arrangements for the promotion, consideration and facilitation of funding proposals.
- Developing essential mechanisms to engage with the GCF, including no-objection procedures and bilateral agreements on privileges and immunities, and conducting stakeholder consultations regarding their design
- Funding for training of NDA or focal point staff members in areas relevant to the objectives of the GCF such as project and programme development, international procurement, accounting, oversight, planning and monitoring and evaluation processes.
- Supporting the ongoing engagement of stakeholders at national and sub-national levels, including government, civil society and private sector actors.
- Supporting the appropriate oversight of GCF activities at the national level.
- Understanding the roles of existing institutions and identifying potential accredited entities.
- Conducting an institutional gap analysis of potential applicants against the fiduciary standards, safeguards, and compliance policies of the GCF.
- Building the capacity of accredited direct access entities in relation to the GCF activities, in areas such as ESS, the GCF gender policy and action plan, and monitoring, reporting and evaluation.
- Strengthening accredited direct access entities institutional capacities through structured trainings, and provide technical support to enable the direct access entity to achieve accreditation upgrades
- Strengthening the capacities of sub-national institutions/executing entities.

## Objective 2: Strategic frameworks for low-emission investment

- Taking stock of existing strategies, policies, and needs assessments, including intended nationally determined contributions, low-emission development strategies, and nationally appropriate mitigation actions, in order to streamline policy and planning processes with regards to climate finance
- Undertaking the necessary studies, modeling efforts, and other data-gathering efforts in order to develop ambitious strategies for climate action, including long-term strategies to achieve net-zero emissions
- Developing a country programme that identifies strategic priorities for engagement with the GCF, disseminating information and engaging stakeholders in the country programme
- Developing and enhancing nationally determined contributions and supporting the improvements to sectoral policies, regulatory frameworks, and investment environments to enable implementation priority actions
- Incubating new business models and/or innovative financial mechanisms and schemes to increase low-emission investment
- Activities that would crowd in private and capital market financing for the implementation of country programmes; including providing institutional support to enhance the efficiency of the procurement and tendering processes.
- Enabling private sector participation, including by supporting the preparation of preliminary studies, tender documents or advisory services for the establishment of public-private partnerships.
- Identifying and prioritizing appropriate climate technology solutions and assessing and incorporating the feasibility of selected climate technologies for mitigation and adaptation into planning processes

## Objective 3: Strengthened adaptation planning for investment<sup>14</sup>

- Establishing/improving institutional arrangements to support adaptation planning processes
- Designing stakeholder engagement process (or processes) to ensure stakeholders engaged (governments, private sector, associations, civil society, academia and others), including a mechanism for regularly reviewing and updating adaptation plan in place
- Conducting climate vulnerability studies and analyzing information on climate change impacts to strengthen adaptation investment rationale
- Identifying and prioritizing barriers to addressing climate change vulnerabilities to climate impacts at sector, sub-national, and/or national levels
- Identifying adaptation solutions for addressing prioritised barriers to addressing climate vulnerabilities and prioritizing actions at sub-national, national and/or sectoral levels
- Improving adaptation knowledge management, information sharing, and communication, including through developing systems gathering, organizing and updating relevant data and information on adaptation
- Establishing methods and frameworks for producing and using socio-economic and environmental information for adaptation planning and investment

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<sup>14</sup> Countries are encouraged to indicate specific activities of direct relevance to adaptation planning, based on the national context

- Integrating adaptation actions/measures into national, sectoral or sub-national development strategies, plans and budgets
- Producing national, sectoral or sub-national adaptation strategies and/or plans and strategies for implementation, including adaptation finance strategies
- Establishing transparent mechanism to enable sectoral or sub-national actors to access adaptation finance
- Developing concept notes for adaptation priority actions
- Establishing monitoring and evaluation framework or system for the adaptation planning process and its effectiveness

#### Objective 4: Paradigm-shifting pipeline development

- Identifying programmes and projects that advance national priorities as contained in NDCs, NAPs and low-emission and climate-resilient development strategies and align with the results management framework of the GCF
- Developing and applying pipeline performance metrics and associated indicators
- De-risking the financial and non-financial (e.g., regulatory, technology, market) risks that inhibit the scaled-up investment in climate finance investments
- Developing tools, methods and templates to scale up successful models through programmatic approaches and across geographies, including pilot projects funded by the GEF and/or AF
- Applying GCF investment criteria against projects and programmes developed for investment under other climate funds, including the Climate Investment Funds (CIFs), to gauge their suitability for consideration by the GCF
- Developing concept notes for priority sectors for submission to the GCF, including under the SAP, EDA RfP and/or those targeted for PPF assistance

#### Objective 5: Knowledge sharing and learning

- Extracting lessons learned from other countries and applying best practices
- Developing and disseminating informational and awareness-raising materials
- Collaborating on subnational, national, or regional levels with other recipients or providers of Readiness support to apply innovative and/or long-term sustainable approaches to capacity building and technical assistance
- Developing knowledge products, including in local languages, to disseminate effective approaches to capacity building while informing stakeholders on policies, processes, and plans relevant to climate finance programming in the country

# ANNEX III.

## TEMPLATE FOR A THEORY OF CHANGE DIAGRAM

This annex provides information on the Theory of Change (ToC) that describes how the proposed intervention will shift the development pathway towards low-emission and/or climate-resilient development. NDAs and DPs are requested to provide a diagram of the ToC as part of Section 4 of the readiness proposal template, along with a narrative description of the ToC.

Theory of Change is a methodological approach that allows NDAs and delivery partners to conceptualize and design a readiness grant proposal by establishing the long-term goals and then working backwards to identify the necessary preconditions to meeting those goals, which are the outcomes and outputs the proposed activities will deliver. The ToC also identifies the assumptions under which the ToC is developed and the identified barriers to the desired goals. In this way, the ToC clearly articulates how the results chain will cascade from the ToC statement to the project activities.

**FIGURE 5. SAMPLE THEORY OF CHANGE GRAPHIC FOR READINESS PROPOSALS**

<b>GOAL</b>	<b>The goal is an impact-level change that the grant activities will contribute to achieving. In the context of the Readiness Programme, it is important to always consider how the goal is aligned with the five Readiness Programme objectives (see Annex I)</b>
<b>GOAL STATEMENT</b>	The goal statement is structured in the "IF ... THEN ... BECAUSE..." format and explains the causal linkages between the outcomes, outputs and the goal that the grant will help achieve  (e.g., "IF the [Country] builds enabling institutional, planning and programming environments for adaptation at the national and subnational level, THEN the [Country] will be able to identify, design and implement adaptation investments in line with national priorities BECAUSE knowledge on key vulnerabilities will be generated and shared feeding into effective coordination mechanisms and investment plans for resilience.")
<b>OUTCOMES</b>	An outcome statement describes longer-term and specific changes in conditions, policies, or organizational structure and are measured a year or several years after project completion. Select outcome statements as described in Annex I of the Guidebook
<b>OUTPUTS</b>	An output statement highlights what the readiness proposal intends to achieve in the short-term due to activities. Develop outputs that, taken together, can lead to the desired outcomes
<b>INPUTS</b>	Inputs refer to the national climate priorities (e.g., NDC, Country Programme), deliverables of previous grants, and other information (e.g., needs assessments) that will contribute to the effective implementation of grant activities
<b>BARRIERS</b>	Proposals should indicate the perceived and potential barriers that have stymied progress or advancement against the stated outcomes of the intended activities
<b>ASSUMPTIONS &amp; RISKS</b>	Assumptions are the necessary conditions (e.g., inter-ministerial buy-in) to be in place or complementary actions (e.g. successful recruitment of consultants) to ensure that the proposed activities are successfully implemented in order to achieve the stated outcomes  Risks are the potential or perceived events that will prohibit the efficient and effective implementation of proposed activities (e.g., natural disaster risks disrupting implementation)

# ANNEX IV.

## MULTIPLE-YEAR STRATEGIC READINESS IMPLEMENTATION REQUESTS

This annex provides an overview of guidelines for developing and submitting multiple-year strategic readiness implementation requests that allocate up to USD 3 million for three years. Proposals submitted for this type of request may be referred to “multiple-year cap” proposals, while the standard type of request may be referred to as “single-year cap” proposals.

In approving the revised Readiness Programme strategy for 2019-2021, the Board decided that the Secretariat may accept multiple-year strategic readiness implementation requests. The Board authorized the Secretariat to receive and approve proposals with a budget over USD 1 million (and up to USD 3 million), for a maximum grant term of 36 months, provided that the annual value of the proposal remains within the established annual cap of USD 1 million per country.

NDAAs are advised that they may submit proposals using this new multiple-year cap proposal and proposals under the single-year cap, including joining regional or multi-country proposals, provided that the cumulative commitments for approved proposals do not exceed the Board-established cap of USD 1 million per country per year.

### Core elements of a multiple-year strategic readiness implementation request

Multiple-year strategic readiness implementation requests include, among others, the following elements:

- An overall work programme and budget plan for the period of the support requested, with an overview of how the request is strategic in nature, including:
  - Progressing from basic elements of readiness support (for example but not limited to developing NoL processes, establishing NDA offices, assessing DAE applicants) to more strategic support (e.g., accreditation/accreditation upgrades of DAEs, technical support to develop concept notes for submission to the PPF, or through the SAP or FP);
  - Taking a programmatic approach to readiness support requested, which may include:
    - Sequencing support for multiple work areas and stakeholders, including NDAs and DAEs (e.g., to align Country Programmes and Entity Work Programmes);
    - Developing and implementing strategies to reduce or eliminate policy gaps or market barriers;
    - Catalysing and/or leveraging private sector investment in priority sectors, including through the use or piloting of innovative financial instruments;
    - Developing concept notes, including for the SAP and PPF;

- Indicative annual work programmes and associated annual budget plans covering each 12-month period of the total request;
- Description of the objectives, outcomes, deliverables and activities to be undertaken during the request, with associated baselines and targets, and measurable indicators to track results, and;
- Implementation schedule and implementation arrangements for the request, which will also indicate the disbursement schedule, procurement plan, and a monitoring and evaluation plan.
- Provision in the budget for the terminal evaluation of any proposal with an implementation period greater than 24 months

## Criteria for submitting requests

In order to submit proposals as a multiple-year cap request, countries must ensure that they meet one of the two following criteria:

- The country has submitted a finalized Country Programme that contains an analysis of the country's readiness needs; OR
- The country has undertaken a country readiness needs assessment and developed a country readiness work plan to address those needs.

If a country does not meet either of the two pre-requisites above, they may include support to undertake such a needs assessment in a readiness proposal under the standard single-year cap proposal. Interested NDAs should discuss such a request with their regional focal points in the GCF Secretariat.

NDAs are further advised of the following guidelines for submission under this new type of readiness request:

- Proposals should focus on addressing the country readiness needs as identified in the needs assessment in a strategic manner;
- Proposals may focus on a combination of outcomes under objectives 1, 2, 4 and/or 5 (see Annex I and II of this Guidebook); proposals for objective 3 (NAP/adaptational planning) are not eligible
- Proposals with total budgets of under USD 1 million can continue to be submitted under the existing readiness request format ("single-year cap" proposals);
- Proposals should include only one nominated delivery partner, whether the NDA itself will implement it, an AE or another DP.

## Submission guidance

NDAs should submit the following documents as part of the initial submission of a proposal under this modality and should use the published proposal templates to do so:

1. Completed readiness proposal template (please ensure that "yes" is ticked in the box for section 1.10) that covers the entire envisioned grant implementation period, not just the first 12 months; please especially ensure that the Logical Framework (Section 3), Theory of Change (Section 4), and Implementation Arrangements (Section 6) are valid for the entire envisioned grant implementation period
2. Budget, procurement, and implementation plan (Excel file) for the entire envisioned grant implementation period
3. Readiness needs assessment in line with the guidance provided in Part I Section 4 of this Guidebook; please ensure that a summary of the key findings of this needs assessment is included in the Situation Analysis (Section 2) of the proposal template

## Implementation procedures

Under multiple-year cap proposal format, the Secretariat may review the entire proposal but commit only up to an initial USD 1 million in funding in order to maintain the established USD 1 million per country annual cap. Where a country has submitted both kinds of proposals in a given year – that is, both a single-year cap and a multiple-year cap proposal – NDAs are advised that the Secretariat will approve and commit resources according to the disbursement schedule contained in the approved proposals. It is therefore critical that NDAs and their delivery partner (if any) plan for the strategic use of the USD 1 million annual caps. For example:

- Country A:** In Year 1, Country A submits a USD 2.5 million proposal under this modality for 36-month implementation period. If the proposal is approved by the Secretariat in Year 1, then the first USD 1 million of the proposal would be committed against the Year 1 cap. The second USD 1 million would be committed against the annual cap for the country for Year 2. The final USD 0.5 million would be committed against the Year 3 cap. In this case, it is important to point out that the Secretariat would not be in a position to approve additional readiness support for Country A in Years 1 or 2, since the annual caps would have been exhausted for those calendar years. The Secretariat would be able to approve and commit up to USD 0.5 million for Year 3 for Country A.
- Country B:** In Year 1, Country B has a previously approved proposal under the single-year cap request for USD 0.5 million for 18-month implementation, which is committed against the Year 1 cap. Also in Year 1, the country submits a proposal under the multiple-year cap for USD 1.75 million for 30-month implementation period and annual disbursement schedule of USD 0.5 million in Year 1, USD 0.75 million in Year 2, and USD 0.5 million in Year 3. If this multiple-year cap request is approved in Year 1, then the Secretariat would commit up to USD 0.5 million for Year 1, then USD 0.75 million would be committed against Year 2 cap, and the final USD 0.5 million would be committed against the Year 3 cap. In this case, it is important to point out that the Secretariat would not be able to approve additional readiness support for Country B in Years 1, since the annual caps would have been exhausted for that calendar years. The Secretariat would be able to approve and commit up to USD 0.25 million for Year 2 and up to USD 0.5 million in Year 3.

These scenarios are illustrated in the table below. If NDAs and their delivery partners are unsure of how a given proposal or set of proposals will impact the annual cap, they should confer with the relevant GCF regional focal points during development of the proposal and prior to submission.

**TABLE 5. EXAMPLES OF THE COMMITMENT OF ANNUAL CAPS FOR READINESS FUNDS UNDER DIFFERENT PROPOSALS**

SCENARIO	MODALITY	GRANT TERM	TOTAL BUDGET	ANNUAL CAP APPROVAL YEAR		
				YEAR 1	YEAR 2	YEAR 3
Country A	Multiple-year cap	36 months	USD 2.5m	USD 1m	USD 1m	USD 0.5m
Country B	Single-year cap	18 months	USD 0.5m	USD 0.5m	N/A	N/A
	Multiple-year cap	30 months	USD 1.75m	USD 0.5m	USD 0.75m	USD 0.5m

Once a grant proposal under this new modality is approved and entered into implementation phase, the NDA will not be required to submit another full proposal to unlock the subsequent tranches of funding.

NDA will instead submit for Secretariat review subsequent annual work plans and budgets. The Secretariat will review the documents alongside the submitted Audited Financial Reports and Interim Progress Reports. All documents must meet GCF reporting requirements as described in the bilateral grant agreement or framework agreement signed by the grant recipient and the GCF or its authorized fund agent.

The annual workplans and budgets should be attached to the relevant progress report and disbursement request (if any), and include the following elements:

- **Updated logical framework:** Outcomes achieved (if any) and associated activities undertaken and deliverables produced, including impacts of the achievements on subsequent outcomes and deliverables;
- **Updated budget, procurement and implementation plan:** Modifications to subsequent annual workplan and/or budget, based on the approved workplan and/or budget in the approved proposal, and justifications for same;
- **Updated risk mitigation strategy,** and;
- **Lessons learned from implementation** from the previous 12-month period.

Milestones and deliverables for the first 12 months, as laid out in the initially-approved implementation schedule, must be satisfactorily met in order for the Secretariat to review and approve a subsequent a) annual workplan and budget and b) disbursement.

Subsequent annual workplans and budgets should be submitted at least 90 days before the end of the first 12-months of implementation. NDAs and delivery partners are reminded that the threshold of 70% utilization rate for funds disbursed must be met in order to approve subsequent workplans and associated disbursement requests.

In order for the Secretariat to commit the subsequent annual budgets, it is essential that NDAs/delivery partners provide timely, high-quality progress reports to the GCF Secretariat, as well as ensuring that any comments on the reports from the Secretariat are answered in a timely fashion.

# ANNEX V.

## ELIGIBLE COSTS FOR NDA AND/OR FOCAL POINT DIRECT SUPPORT

In decisions [B.08/11](#) and [B.12/32](#), the GCF Board made specific recommendations for direct financial support to NDAs through the Readiness Programme. These resources are drawn from the overall USD 1 million annual approvals cap per country.

### Parameters for NDA or Focal Point funding

- In recognition of their important role in strengthening country ownership and alignment with national priorities, NDAs or Focal Points may request direct support by the Fund of up to USD 300,000 to cover eligible costs for a calendar period.
- NDAs or Focal Points must commit to using the GCF readiness support solely for the purpose described in the funding request and in accordance with the approved budget.
- NDAs or Focal Points must undertake the FMCA approval process in order to be able to directly access the Readiness Programme.

### Eligible costs for direct NDA or Focal Point funding<sup>15</sup>

Eligible costs include the following items:

- **Human resources development:** Funding for human resources development will include cost for training NDA or focal point staff members in areas relevant to the objectives of the Fund such as project and programme development, international procurement, accounting, oversight, planning and monitoring and evaluation processes. This may include short-term or provisional assignments for external contractors to support NDAs or Focal Points in exercising their functions outlined in decision [B.04/05 \(e\)](#).
- **Technical assistance:** Technical assistance can be used for costs directly related to technical or management assistance to support core NDA or focal point functions including development of strategic priorities for engagement with the Fund, programme and project oversight and alignment with other national bodies' stakeholder engagement (such as civil society, academia and the private sector), dialogues with implementing entities and intermediaries.
- **Planning and administration:**
  - Meeting expenses, training, workshops, and consultations
  - Training and workshop organization and facilitation; and
  - Consultations with non-governmental constituencies only (e.g. civil society, academia and private sector) and processes to promote and improve the quality of stakeholder participation, including travel costs and *per diems* for civil society participation.
  - Limitations: An annual cap of USD 100,000 for stakeholder consultation meetings
- **Communication materials:** Printing, communication and IT costs associated with functions related to performing functions mentioned in decision [B.04/05 \(e\)](#).

<sup>15</sup> Drawn from GCF Board document "GCF/B.08/11", c.f. Annex XVIII, and reflecting amendments as outlined in Decision B.12/32.

# ANNEX VI.

## GENDER CONSIDERATIONS FOR READINESS INCLUDING ADAPTATION PLANNING SUPPORT

The GCF recognizes the importance of gender considerations for readiness and adaptation planning Support, including the aspects below.

- **National coordination:** A space for experts that represent the voices and concerns of women and vulnerable groups in national, sub-national and sectoral coordination efforts on readiness and adaptation planning.
- **Participatory:** Active engagement and empowerment of representatives of women and vulnerable group stakeholders at all levels, including sub– national authorities and local organizations.
- **Consideration of women, vulnerable groups, communities and eco-systems:** Provision for ensuring and opportunity for women including vulnerable groups to participate in adaptation planning processes.
- **Transparency:** Open, clear accessible disclosure of information, plans, processes and actions. Timely, accurate, relevant and accessible information to enable women, vulnerable groups and different stakeholders to engage with relevant adaptation processes and actions.
- **Gender sensitivity:** Recognition that women and men can experience the impacts of climate change differently, and they may have different needs, capacities and contributions towards adaptation. Vulnerability risk assessments should consider gender and social inequalities, which should inform adaptation planning.
- **Local monitoring mechanisms:** Sub-national monitoring mechanisms should be designed with issues of relevance to women and vulnerable groups. The mechanism can enable communities and local stakeholders including women and vulnerable groups to strengthen their ownership of and support to adaptation planning process, which can thereby strengthen the rigor of the plans and likelihood of successful implementation.

# ANNEX VII.

## READINESS PROPOSAL QUALITY ASSURANCE CHECKLIST

The table below contains the list of guiding questions that informs the initial review performed by the GCF Secretariat upon official submission of a proposal. These questions are provided for illustration purposes only; the checklist is not a scorecard but rather a tool to inform the technical review process within the GCF Secretariat and to identify areas of proposal that may require improvement prior to approval. The checklist is not an exhaustive description of all the elements an approved proposal ought to contain but it does provide guidance for NDAs and delivery partners to prepare and submit high-quality proposals.

**TABLE 6. QUALITY ASSURANCE CHECKLIST FOR READINESS PROPOSALS UNDER SECRETARIAT REVIEW**

GUIDING QUESTIONS		Y/N
<b>SECTION 1 - SUMMARY</b>		
1	Is the objective of the proposed support clearly described?	<input type="checkbox"/>
2	Have the gaps and challenges been identified and the ways through which the proposal will address them in?	<input type="checkbox"/>
3	Is there a clear statement on who are the intended beneficiaries of the proposal?	<input type="checkbox"/>
<b>SECTION 2 – SITUATION ANALYSIS</b>		
4	Is the institutional, policy and programming context of the proposed intervention described?	<input type="checkbox"/>
5	Does the section contain a clear definition of the problem(s) to be addressed by Readiness support?	<input type="checkbox"/>
6	Does the section include a description of how the proposed support will be delivered in complementarity with other readiness support, including support from other development partners?	<input type="checkbox"/>
<b>SECTION 3 – LOGICAL FRAMEWORK</b>		
7	Are the outcomes drawn directly from the Board-approved list of outcomes?	<input type="checkbox"/>
8	Are the outputs clearly specified and linked to the relevant outcome?	<input type="checkbox"/>
9	Are the baseline and targets set with clarity and are they measurable?	<input type="checkbox"/>
10	Do the activities planned have a clear linkage to the relevant output?	<input type="checkbox"/>
11	Are the activities accompanied by specific and tangible deliverables?	<input type="checkbox"/>
<b>SECTION 4 – THEORY OF CHANGE (ToC)</b>		
12	Does the proposal contain both a ToC diagram and a narrative?	<input type="checkbox"/>
13	Is the ToC in an acceptable format and does it contain necessary elements as described in template/Guidebook?	<input type="checkbox"/>

GUIDING QUESTIONS		Y/N
<b>SECTION 5 – BUDGET, PROCUREMENT, IMPLEMENTATION AND DISBURSEMENT</b>		
14	Is the Budget prepared as per the template?	<input type="checkbox"/>
15	Is the Delivery Partner fee budgeted within the approved fee cap (8.5%)?	<input type="checkbox"/>
16	Is the Project Management Cost budgeted within the approved cap with detailed cost breakdown (7.5%)?	<input type="checkbox"/>
17	Is the budget plan in sync with implementation schedule and activities proposed?	<input type="checkbox"/>
18	Is the Procurement plan prepared as per the recommended template?	<input type="checkbox"/>
19	Are consultant positions stated in the Procurement plan accompanied by number of working days and daily rate?	<input type="checkbox"/>
20	Has the implementation period been clearly spelled out in the proposal?	<input type="checkbox"/>
21	Has an implementation schedule with activities, milestones, deliverables and timelines been provided?	<input type="checkbox"/>
22	Is the disbursement schedule in sync with the implementation schedule?	<input type="checkbox"/>
<b>SECTION 6 – IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION</b>		
<b>6.1 IMPLEMENTATION ARRANGEMENTS</b>		
23	Is the implementation arrangement clearly spelled out with clear roles and responsibilities of all stakeholders involved?	<input type="checkbox"/>
24	Does the implementation arrangement outline the role of NDA/Focal Point?	<input type="checkbox"/>
25	Is there a graphic mapping the organizations involved, the flow of funds and the flow of information between the parties involved?	<input type="checkbox"/>
<b>6.2 IMPLEMENTATION AND EXECUTION ROLES AND RESPONSIBILITIES</b>		
26	Is there a clear distinction between entities/individuals involved in implementation and those involved in execution?	<input type="checkbox"/>
27	Is there an explanation of the roles and qualifications of technical staff and consultants to be procured for completion of activities, such as TORs?	<input type="checkbox"/>
<b>6.3 RISKS AND MITIGATION MEASURES</b>		
28	Does the proposal describe the information on any prior relationship between the delivery partner and the NDA?	<input type="checkbox"/>
29	Will any existing operating manuals or similar documents of the NDA and/or delivery partner be used as part of the implementation arrangements?	<input type="checkbox"/>
<b>6.4 MONITORING</b>		
30	Are the monitoring and reporting requirements and responsible party clearly spelled out?	<input type="checkbox"/>
31	Does the proposal contain a mechanism for monitoring and evaluation?	<input type="checkbox"/>
<b>6.5 OTHER RELEVANT INFORMATION</b>		
32	Is there a sustainability/exit plan in place to capture lessons learned and knowledge?	<input type="checkbox"/>
33	Does the proposal provide a mechanism to transfer skills and knowledge to the NDA or other relevant national stakeholders?	<input type="checkbox"/>

# ANNEX VIII.

## BANK ACCOUNT CERTIFICATION LETTER GUIDELINES

Information on bank account details of the signing party of the grant agreement should directly be provided by the beneficiary's bank (i.e. the bank receiving the funds) to the GCF in the form of an official letter confirming the bank account details referred to in the disbursement request, particularly the exact name of the account holder (i.e. organization requesting the disbursement) and full account details.

The letter must be sent by the beneficiary's bank directly to the GCF (by email to [countries@gcfund.org](mailto:countries@gcfund.org) using the subject line "Bank Information Details – [Grant Agreement Reference]").

The letter must be on the beneficiary bank's official letterhead and include the following information:

- A letter reference number
- Contact information of the letter recipient as follows:

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

- Date and place of issue
- Reference line (Request for Disbursement - [Grant Agreement Reference])
- Full name of the account holder as it appears on the account
- Full account details (i.e. account number/IBAN/Bank name and address/SWIFT code/ currency denomination)
- Notification of conformity between information in the grant agreement and bank account details
- Signature (and seal if applicable) with the name and title/position of the person signing the letter

In case the bank is not allowed to directly send this letter to the GCF, delivery partners can receive the letter on the GCF's behalf and send it to the GCF along with a confirmation letter from the delivery partner stating that the enclosed bank letter is a true copy of the original document received from the bank. This confirmation letter should also state which division/team of the delivery partner received this letter and be signed by the head of that particular team.





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