Readiness and Preparatory Support

Direct Access Proposal Template

DAE Support Window

Proposal title

Strengthening Institutional and Programming Capacity of KDB for Enhanced Climate Finance Implementation and Regional Cooperation (37440)

Direct Access Entity

Korea Development Bank

* The full proposal, including the financial proposal and annexes, is available on the GCF Partner Platform.

Version Update: 15 Sep 2025 | Initial: 22 Sep 2024
Aligned with the Revised Readiness Results Management Framework

How to complete this template?

This proposal template is designed for Direct Access by Direct Access Entities (DAEs) for the DAE Support Window.

To assist with completing this proposal template, the GCF provides the following guiding documents available on the GCF website:

- **Guide for Direct Access Entities to Access Readiness Support**
- **Guide for Direct Access Entities on Strategic Planning of Readiness Support**

If the DAE opts for the Direct Access option under the DAE window[1], there is no need to complete the FMCA questionnaire, as accreditation already verifies the entity's financial capacity.

While this template allows DAEs to prepare the direct access proposal offline, please note that all information must be entered and officially submitted through the online submission platform in the **GCF Partner Portal**.

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[1] Within the DAE window, funding is provided to assist accredited DAEs as well as candidate DAEs in the advanced stages of the accreditation process. For candidate DAEs, this refers to the stage of resolving outstanding accreditation conditions subsequent to the Board's approval of accreditation.

Proposal Details

Title of the Direct Access Proposal

Strengthening Institutional and Programming Capacity of KDB for Enhanced Climate Finance Implementation and Regional Cooperation

Total Approved Amount (in USD)

$993,437

Implementation Period (in months)

48 months

Country Information

☐ Single DAE

☐ Multi-DAE

Lead DAE

Korea Development Bank

Contact person

Kyunghee Jeong

Position

Senior Manager

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Type of Access

● Direct Access by DAE

Participating DAE Information

If the proposal involves multiple DAEs (multi-DAE)– please list each one below, adding as many rows as necessary. The entry listed above serves as the lead for the multi-DAE proposal.

Participating DAE	Name of contact person	Contact person's position	Contact person's email	Budget

1. Summary of the proposal

The Korea Development Bank (KDB), as a Direct Access Entity (DAE) of the Green Climate Fund (GCF), submits this Readiness Programme to further enhance its institutional capacity and operational systems for the effective origination, implementation, and monitoring of GCF-financed projects.

Following its reaccreditation in April 2022 and its renewed Accreditation Master Agreement (AMA) effected in 2023, KDB has transitioned from an exploratory engagement phase to active programme implementation. Within two years of reaccreditation, KDB secured Board approval for three GCF-funded programmes (FP196, FP228, and FP240), covering guarantee, loan, and equity modalities.

While these approvals confirm KDB's financial structuring capabilities across guarantee, loan, and equity modalities, they have also **exposed institutional gaps in upstream project sourcing, screening, and origination functions.** In parallel, **implementation has revealed structural institutional constraints** that must now be addressed to ensure sustainable scaling.

These constraints are rooted not merely in operational inefficiencies, but in structural institutional gaps that have emerged as KDB transitions from a domestically oriented policy finance institution to an active Direct Access Entity operating under international climate finance standards. Specifically, **limitations persist in: (i) systematically originating bottom-up climate projects that simultaneously align with GCF concessional parameters and KDB's internal risk standards; (ii) embedding GCF-specific legal, safeguard, gender, and impact measurement requirements into early-stage engagement with potential implementing partners; and (iii) codifying and institutionalising specialised international climate finance knowledge within KDB's operational systems.**

Without structured institutional reinforcement, KDB's expanding GCF portfolio risks being constrained by operational bottlenecks, repeated transaction costs, implementation delays, and reliance on ad hoc expertise. As portfolio complexity increases, the absence of systematised upstream and downstream processes could undermine scalability and predictability.

In alignment with the GCF Readiness Strategy (2024–2027) and the Updated Strategic Plan (USP-2), this Readiness Programme therefore pursues two mutually reinforcing strategic objectives.

Under Objective 2 – Paradigm-Shifting Pipeline Development and Implementation, the Programme will institutionalise structured project origination, screening, and prioritisation frameworks; operationalise standardised guidelines covering ESMS, legal structuring, and impact measurement; and strengthen implementation oversight systems. These interventions are designed to transform project-by-project preparation into a predictable, system-based pipeline development model capable of generating investment-grade Concept Notes and Funding Proposals aligned with country programmes and GCF investment criteria.

Under Objective 3 – Knowledge Sharing and South–South Cooperation, the Programme will translate accumulated institutional experience into structured knowledge products and peer-learning mechanisms, enabling the dissemination and replication of institutionalised climate finance practices among potential implementing partners and emerging DAEs across the Asia-Pacific region.

Through these interventions, the Programme is expected to deliver the following outcomes:

- Improved and systematised capacity to generate high-quality, investment-ready Concept Notes aligned with developing country priorities and GCF standards;
- Reduced implementation delays and transaction costs through standardised AE–potential implementing partners engagement frameworks and clarified compliance requirements;
- Enhanced compliance integrity in safeguards, gender integration, and climate impact measurement;
- Strengthened institutional continuity through codified procedures and embedded operational tools;
- Expanded regional collaboration and replication of climate finance practices through structured knowledge exchange.

Collectively, these outcomes will enable KDB to transition from a transaction-based, opportunity-driven engagement model toward a system-based, institutionalised climate finance platform capable of delivering scalable, country-responsive investment across the region. The Readiness Programme thus represents a critical inflection point in consolidating KDB's role as a proactive and structurally prepared Direct Access Entity, contributing to climate finance transformation under international standards.

2. DAE Context

Guidance

This section provides an overview o– the DAE context, including institutional capacity and accreditation status, priority areas for funding by the GCF and programming capacity. It also highlights the DAE's key challenges, pipeline as well as readiness needs and stakeholder engagement.

2.1 Institutional Context and Accreditation Track

Project/programme size

- Medium

Environmental & social risk category

- Intermediation 2

Financing modalities

- Basic, Project Management, On-lending and/or blending

KDB is a state-owned policy bank established by the Government of the Republic of Korea to promote national economic growth and industrial development. KDB has long served as a key financier for large-scale infrastructure, innovation, and sustainable development projects both domestically and internationally.

KDB possesses robust institutional systems and governance frameworks that align with international standards and GCF requirements, including:

- A comprehensive internal control and risk management system, covering financial, operational, and environmental and social (E&S) risks.
- Established anti-corruption, and anti-money laundering (AML/CFT) policies, ensuring compliance with GCF's fiduciary standards.
- Qualified staff with expertise in project finance, corporate finance, and equity investment, enabling the effective identification, structuring, and monitoring of bankable projects.

While these systems are well aligned with Korea's domestic regulatory environment and policy-driven green growth strategy, **they have not historically been designed to meet the full scope of international climate finance requirements**, **particularly the systematic origination of climate projects** that address underlying market barriers and climate vulnerabilities in developing countries, integrate concessional elements to achieve additionality, and align simultaneously with GCF investment criteria and KDB's internal risk management standards.

While KDB has established strong institutional systems and expertise, certain limitations remain in relation to international climate finance operations:

- KDB's long history and experience have fostered strong financial expertise and a high level of internal control and governance within the domestic policy finance context. However, the Bank has comparatively limited institutional experience in applying international climate finance -specific requirements, including complex concessional legal structuring, internationally benchmarked environmental and social safeguard (ESS) implementation, gender-responsive monitoring frameworks, and and climate impact assessment methodologies aligned with multilateral climate funds.

- More structurally, KDB's conventional project finance approach to developing country operations has typically prioritised sovereign guarantees, foreign exchange risk mitigation, and commercial bankability considerations. In contrast, GCF programming requires the identification and structuring of projects that directly address infrastructure gaps, climate-related market failures, and financial additionality in developing countries. The institutional capacity to originate and structure projects that reconcile these dual logics — commercial risk management and concessional climate additionality — remains insufficiently systematised.
- Furthermore, as KDB does not directly execute projects on the ground, effective implementation depends on potential implementing partners. However, a structured AE–partner engagement framework that embeds GCF-specific legal provisions, safeguard requirements, impact measurement standards, and downstream structuring expectations at the early design stage has not yet been institutionalised. Without such a framework, implementation risks remain elevated and transaction inefficiencies may persist as the portfolio expands.

Accreditation stage

● Agreed/ Pending signature

KDB's engagement with the Green Climate Fund has evolved through a series of key milestones:

- 2016.12.14 : Accredited by the GCF Board - the first institution in the Republic of Korea to receive GCF accreditation.
- 2017. 4. 6 : Accreditation Master Agreement (AMA) signed between KDB and GCF.
- 2017. 5. 8 : AMA became effective, marking the start of KDB's first accreditation term.
- 2022. 5. 8 : Re-accredited by the GCF Board after successful completion of the first term.
- 2022. 8. 30 : Amendment to the AMA signed to extend the agreement for the renewed term.
- 2023 1. 9 : Amended AMA came into effect.

During the **first five years** following its initial accreditation, KDB concentrated on deepening its understanding of the GCF's policies, investment criteria, fiduciary requirements, and risk appetite, while carefully assessing how international climate finance engagement could be aligned with the Bank's mandate and internal governance framework. This period **served as a foundational learning phase**, during which KDB invested substantial institutional effort in internal capacity-building, policy alignment, and strategic repositioning.

In preparation for re-accreditation and the renewed AMA becoming effective, KDB intensified its programme development efforts, undertaking extensive internal structuring work, stakeholder consultations, and iterative engagement with the GCF Secretariat. The subsequent **Board approval of three programmes** — spanning guarantee, loan, and equity modalities — reflects not opportunistic pipeline expansion, but a **deliberate and sustained institutional transition toward meeting GCF standards and risk expectations** across multiple financial instruments.

2.2 Entity Climate Priorities and Programming Capacity

KDB is dedicated to fulfilling its mandate as Korea's National Climate Bank by taking a leading role in advancing the nation's carbon neutrality and green growth agenda. Guided by its Green Finance Framework, the Bank seeks to nurture emerging green industries while facilitating the low-carbon transition of conventional sectors. On the financial front, KDB aims to de-risk early-stage projects and attract private capital into green investments through the provision of venture funding and long-term financing for large-scale initiatives.

KDB's Climate Priorities and Focus Areas

As Korea's **National Climate Finance Bank**, KDB has established a comprehensive **Green Finance Framework** to systematically promote green finance and support national **carbon neutrality and green growth** objectives. This framework is closely aligned with government climate policies, including the *Korean Green Taxonomy***'s six environmental objectives** and the **12 key policy tasks under Korea's** *National Framework Plan for Carbon Neutrality and Green Growth***.**

Under this framework, KDB focuses its climate finance on **four strategic priority areas**, which serve as the key criteria for project selection and portfolio allocation:

- Energy Transition: KDB prioritises projects that accelerate the transition from fossil fuels to renewable and low-carbon energy sources, including renewable power generation, hydrogen infrastructure, offshore wind, and other clean energy solutions.
- Decarbonisation of Industrial Structures: Given the carbon-intensive nature of Korea's core industries, KDB places strong emphasis on supporting industrial process transformation and energy efficiency improvements that reduce greenhouse gas emissions across existing industrial value chains.
- Development of Green Industries and Supply Chains: KDB supports the development of promising green industries, including materials, components, and equipment essential for green growth, with the objective of strengthening Korea's green industrial ecosystem and long-term competitiveness.
- Creation of an Environmentally Sustainable Society: KDB also prioritizes projects that promote a circular economy and environmentally sustainable social systems, such as recycling, resource efficiency, and waste reduction initiatives.

To ensure measurable implementation of these priorities, KDB has established **clear quantitative climate finance objectives** under its Green Finance Framework, including:

- Providing at least KRW 154 trillion in green finance during the period 2024–2030; and
- Increasing the share of green finance to at least 28% of KDB's total loan portfolio by 2030.

Furthermore, KDB actively promotes private finance mobilisation in the international climate finance arena by leveraging the GCF and other global partnerships. Through blended finance structures, the Bank utilises public resources to de-risk climate investments and catalyse greater participation from private investors. For example, FP 196 aims to improve energy efficiency of the industry sector by engaging local financial institutions in Indonesia to provide term loans to eligible companies supported by GCF-backed guarantees.

It is evident that KDB is striving to design programmes that can attract private capital alongside GCF funding, in order to maximise the overall impact of climate investment and ultimately contribute to building a resilient, low-carbon society.

KDB's recent GCF engagement — including the approval of three programmes across guarantee, loan, and equity modalities — reflects its financial structuring strengths and ability to meet GCF requirements at the Board approval stage. However, this experience has also highlighted structural constraints in upstream project origination and downstream implementation systems that must be addressed to enable predictable and scalable climate finance engagement.

While KDB possesses strong capabilities in conventional banking, project finance, and structured transactions, **its engagement in international climate finance remains at a relatively early stage of institutional transition**. **The Bank's existing systems were primarily designed for commercially oriented transactions within a domestic policy finance framework, rather than for concessional, country-driven climate finance programmes under multilateral climate fund standards**.

In practice, as KDB does not directly execute projects on the ground, implementation depends on potential implementing partners with whom contractual arrangements are established. In several instances, **partners faced difficulties in interpreting GCF-specific legal provisions, structuring downstream agreements with final**

beneficiaries, and applying impact measurement methodologies consistent with GCF standards. This resulted in additional advisory costs, repeated revisions of documentation, and extended processing timelines. For example, under FP 196, a partner entity lacked a basic understanding of how to procure appropriate legal counsel and issue a legal opinion for a Subsidiary Agreement, resulting in misallocated costs, repeated revisions, and ultimately a two-year delay before resolution. **Such transaction costs cannot be systematically absorbed through AE fees, nor can they be addressed effectively on a case-by-case basis**.

Therefore, to reduce future implementation risks and avoid repeated trial-and-error processes, there is **a critical need to establish a structured AE–partner engagement framework** that provides early-stage guidance on legal structuring pathways, safeguard requirements, and climate impact measurement standards. Developing such a framework requires specialised legal and climate finance expertise that goes beyond conventional banking competencies and cannot be sustainably developed through internal rotation-based capacity-building alone.

Institutionally, KDB operates under a rotational staffing model and allocates the majority of its resources to core policy and commercial finance mandates. Without systematised tools and embedded procedures, reliance on a limited pool of specialised staff would constrain continuity and limit the Bank's ability to originate and implement new international climate finance programmes on a sustained basis.

Without targeted investments in institutional systems and readiness, scaling up KDB's international climate finance engagement will remain constrained by recurrent origination bottlenecks, partner alignment gaps, and implementation inefficiencies. **KDB is therefore at a critical juncture where strengthening system-based project origination frameworks, standardised AE–partner engagement mechanisms, and institutionalised knowledge tools** is necessary to ensure continuity, efficiency, and sustainable scaling under GCF standards.

2.3 Past and Ongoing Readiness Grants (GCF and non-GCF) and PPF support

Please list past and current GCF readiness grants, and relevant capacity-building initiatives funded by other agencies and funds

GCF Readiness and PPF Activities

Title & Reference Number	Start and End Dates	Amount Approved	Status	Objectives	Key Outcomes & Results	Complementarity with the readiness proposal
Collaborative R&DB Programme for Promoting the Innovation of Climate Technopreneurship - PPF042	4 Aug 2021 - 4 Apr 2022	1,243,580	FP Approved	To support entrepreneurs with climate technology-enabled solutions that will accelerate the low carbon and climate resilient transition across Southeast Asia, underpinned by the success of pilots in Cambodia, Indonesia, Laos, and the Philippines.	Development of the Funding Proposal 240, Collaborative R&DB Programme for Promoting the Innovation of Climate Technopreneurship.	N/A

Other Capacity-Building Initiatives Funded or Commissioned by Parties Other Than GCF

Title	Start and End Dates	Status	Funding Agency	Main objectives	Complementarity with the readiness proposal

2.4 Past and Ongoing Funded Activity Implementation and Project Pipeline

Please briefly describe GCF-funded proposals/projects or programmes that the DAE has implemented, is currently implementing, and is in the process of conceptualising and preparing

GCF Funded Activities

Project Title	Status	Amount	Details	Complementarity with the readiness proposal
Supporting Innovative Mechanisms for Industrial Energy Efficiency Financing in Indonesia with Lessons for Replication in other ASEAN Member States - FP196	Approved	105,000,000	A programme providing a GCF-backed guarantee by KDB to support local banks in Indonesia in scaling up green lending for energy efficiency improvements and strengthening local institutional capacity	N/A
Collaborative R&DB Programme for Promoting the Innovation of Climate Technopreneurship - FP240	Approved	104,471,000	A programme to establish an offshore fund in Singapore to invest in climate technology enterprises across five Southeast Asian countries - Viet Nam, Indonesia, the Philippines, Cambodia, and Lao PDR - and to support local capacity building in the region.	N/A
Cambodian Climate Financing Facility - FP228	Approved	54,959,050	A programme to establish the Cambodian Climate Financing Facility within the Agricultural and Rural Development Bank under the Ministry of Economy and Finance of Cambodia, aimed at providing green lending and strengthening local institutional capacity.	Readiness Support for the Implementation of the IRMF for DAE (Fast-Track), approved on 26 June 2023, was used for to align IRMF with the funding proposal. The Readiness proposal titled 'Design of a Cambodian Institution for Green Financing', approved on 24 December 2019, was subsequently developed into this full Funding Proposal.

2.5 Challenges, Gaps, and Barriers

Through its experience in developing and implementing GCF-funded programmes, KDB has identified the following priority structural barriers that constrain the sustainable scaling of its international climate finance engagement.

Barrier 1: Structural limitations in originating bottom-up climate projects aligned with GCF and KDB risk appetites.

- Gap: KDB's previous GCF programmes were largely developed through externally introduced opportunities rather than internally originated pipelines structured from inception to satisfy both GCF concessional requirements and KDB's internal risk management standards.
- Challenge: As a result, early-stage structuring of climate projects that integrate concessional finance, co-financing partners, and country-specific considerations remains limited. This constrains the consistent development of investment-ready concept notes and reduces predictability in private sector mobilisation.

Barrier 2: Lack of a standardised AE–potential implementing partner engagement framework embedding GCF-specific legal, safeguard, and impact measurement requirements.

- Gap: In the absence of structured templates, operational manuals, and early-stage alignment mechanisms, potential implementing partners have limited clarity on contractual obligations, downstream structuring requirements, and climate impact measurement standards.
- Challenge: This has led to repeated documentation revisions, extended legal clarification processes, additional advisory costs, and implementation delays. Without structured feedback loops, country-specific constraints are not sufficiently incorporated at the programme design stage, resulting in avoidable trial-and-error during execution.

Barrier 3: Limited institutional mechanisms to systematically capture, standardise, and disseminate specialised international climate finance knowledge.

- Gap: As KDB's engagement in international climate finance expands, specialised expertise in GCF-aligned programming, concessional structuring, ESS application, and impact measurement is increasingly required. While such expertise has been progressively accumulated through project experience, it remains concentrated among specific teams and individuals rather than embedded consistently across organisational processes.
- Challenge: Given KDB's regular staff rotation structure and expanding climate finance portfolio, reliance on experience-based knowledge creates risks of uneven application of standards, repeated learning cycles, and variability in project development approaches. The absence of structured internal mechanisms to systematically translate accumulated experience into shared organisational practice constrains long-term operational consistency and limits the sustainable scaling of international climate finance activities.

2.6 Stakeholder Engagement

In order to monitor the Programme implementation efficiently, KDB is actively engaging with the relevant stakeholders. KDB's stakeholder engagement mechanisms are operational and occur regularly, consistently identifying gaps and challenges faced by the stakeholders. Through the stakeholder engagement, KDB has discovered several challenges. They commonly pointed out the absence of standardised procedures/guidelines for monitoring and programme implementation as a key challenge. To address these challenges and ensure alignment with national policies and community needs, KDB plans to create standardised frameworks for project pipelines.

Stakeholder Group	Current Engagement Practices	Gaps and Next Steps
Implementing Partners	• Weekly meetings to identify implementation challenges and support effective programme delivery. • Coordination to enhance the execution of climate financing activities.	• Absence of standardised manuals for legal documentation, monitoring and reporting on climate impact and gender outcomes to align with GCF policy. • Need to develop unified guidance materials to ensure consistency across programmes.
Government Agencies	• 1 or 2 in-person meetings per year and ad-hoc online consultations to share updates and discuss implementation issues. • Engagement with relevant ministries to ensure policy alignment.	• Need for more structured and regular dialogue to align programmes with national priorities and policy directions. • Further understanding required of challenges faced by policy-implementing bodies and local partners.
Local Communities and Beneficiaries	• Consultations mainly facilitated by local implementing partners • KDB provides high-level guidance and oversight.	• Limited standardised frameworks to guide local entities in engaging beneficiaries effectively. • Need to strengthen implementing partners' capacity to communicate project objectives, climate impact, and reporting requirements.

2.7 Specific Readiness Needs

Building on the priority barriers identified in Section 2.5, KDB has strategically prioritised three institutional strengthening areas that are both critical to addressing root constraints and realistically achievable through the proposed Readiness support. These readiness needs focus on enhancing upstream project origination, formalising structured engagement with implementing partners, and embedding GCF-aligned systems within KDB's organisational architecture to ensure long-term sustainability and scalability of its international climate finance operations.

Priority Readiness Need 1. Strengthening bottom-up, co-financed project origination capacity
KDB requires institutional support to enhance its capacity to originate climate projects from the early stages in a manner that simultaneously aligns with GCF's concessional risk appetite and KDB's internal risk management standards. While prior engagements have demonstrated structuring capability, institutional experience in generating internally originated pipelines that integrate concessional elements, co-financing strategies, and country-driven priorities remains limited. Strengthening systematic origination frameworks will therefore enable consistent upstream pipeline development and the preparation of investment-ready Concept Notes that reflect both financial

viability and measurable climate impact objectives, directly addressing the barrier related to limited bottom-up pipeline generation.

Priority Readiness Need 2. Establishing a standardised engagement framework for potential implementing partners
To address the absence of structured engagement mechanisms with prospective implementing partners, KDB requires institutional support to develop and institutionalise standardised procedural frameworks that embed GCF-specific legal, fiduciary, safeguard, gender, and impact measurement requirements into early-stage coordination processes. By clarifying roles, compliance expectations, and documentation standards from the outset, KDB aims to reduce downstream transaction costs, enhance predictability in programme development, and improve the overall efficiency and quality of project preparation. This responds directly to the barrier concerning fragmented and ad-hoc partner coordination and will strengthen alignment between KDB and its partners throughout the project lifecycle.

Priority Readiness Need 3. Institutionalising GCF-aligned internal programming systems
While KDB has progressively accumulated expertise in international climate finance—including GCF-aligned programming and policy application—such knowledge remains largely experience-based and dependent on individual staff members. Given KDB's regular staff rotation structure, the absence of institutionalised programming systems creates risks of knowledge discontinuity, inconsistent application of GCF requirements, and repeated learning cycles across projects.
The proposed Readiness support will therefore focus on embedding GCF-aligned requirements into KDB's internal programming systems through the development of standardised internal guidance, screening tools, and institutional review mechanisms. This intervention does not finance project-specific preparation activities typically covered under the Project Preparation Facility (PPF), but instead strengthens KDB's organisational architecture to ensure ex-ante and consistent integration of climate finance requirements into future project development processes.
By institutionalising GCF–KDB alignment at the organisational level, KDB will enhance long-term operational consistency and efficiency. Furthermore, the structured codification of knowledge will enable KDB to share standardised approaches with potential implementing partners, emerging Direct Access Entities, and non-MDB institutions, thereby contributing to strengthened South-South cooperation and the broader diffusion of scalable and replicable climate finance models.

3. Statement of Objectives

Guidance

This section aims to clearly define the objectives and scope of readiness support being sought. It outlines: (1) the anticipated impact of readiness support to establish and advance DAEs' capacities to effectively programme, implement and report on GCF-funded activities, as well as broader climate finance, and (2) specific areas of readiness support required, addressing capacity gaps and aligning with the objectives and outcomes of the 2024-2027 readiness strategy.

3.1 Objectives of the Readiness Support

This readiness proposal aims to establish forward-looking institutional systems and operational mechanisms that strengthen KDB's capacity to function effectively and strategically as a DAE to the GCF. The objective is not to support individual project preparation, but to embed durable organisational structures that enable KDB to systematically originate, structure, and implement climate finance operations in alignment with evolving GCF expectations.

As the GCF increasingly expects Accredited Entities to assume a proactive role across the full project lifecycle—including upstream project origination, co-financing mobilisation, transaction structuring, implementation oversight, and results-based monitoring—KDB must transition from experience-driven practices toward institutionalised, system-based approaches.

To respond to this evolving role, the Readiness support will focus on:

(i) establishing structured and replicable frameworks for bottom-up climate project sourcing, screening, and prioritisation;

(ii) developing a formalised engagement architecture with prospective implementing partner candidates that clarifies legal, fiduciary, safeguard, gender, reporting, and supervision requirements across both preparation and implementation stages; and

(iii) embedding GCF-aligned standards into KDB's internal programming and compliance systems through codified procedures, institutional review mechanisms, and structured knowledge management tools.

These interventions are designed to strengthen institutional capacity across the entire project lifecycle—from early-stage programming to execution oversight—ensuring consistent integration of climate finance requirements into KDB's operational processes. By institutionalising these mechanisms within KDB's organisational architecture, the programme aims to enhance long-term operational predictability, implementation discipline, and scalability of Funding Proposal preparation and delivery.

The proposed intervention is explicitly forward-looking and sustainability-oriented. By creating permanent institutional systems and structured coordination frameworks that will remain in place beyond the Readiness period, the programme seeks to position KDB to systematically expand its international climate finance portfolio and to contribute to the broader diffusion of robust, replicable climate finance practices.

Objective 1. Capacity-building for climate finance coordination and setting up the enabling environment for integrated climate investment

☐ 1.1. Developing countries, through NDAs or focal points, have enhanced capacity to fulfil their roles, responsibilities and policy requirements, including coordination mechanisms to engage relevant stakeholders to develop, advance, and implement NDCs, NAPs and LTSs.

☐ 1.2. Developing countries design and implement strategic frameworks (including NDC/NAP/LTS), policies and instruments, including climate investment plans, to create enabling environments for integrated climate investments.

☐ 1.3. Direct access applicants and accredited entities (DAEs) have met and maintained the accreditation standards of the GCF and strengthened their programming capacities, as evidenced by the development of GCF-funded activities.

Objective 2. Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2

☐ 2.1. Developing countries have developed or updated their country programmes to guide GCF investment.

☒ 2.2. Developing countries have developed high-quality concept notes linked to approved GCF proposals for adaptation and mitigation that are aligned with the USP-2 results, including through DAEs, that build on readiness support and country programmes.

☒ 2.3. NDAs and DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring and reporting of climate programmes and projects.

Objective 3. Knowledge-sharing and learning to enhance national and regional cooperation on climate programming and financing

☐ 3.1. Developing countries, through NDAs or focal points, have made use of knowledge products to address policy gaps and integrated climate investment programming and implementation.

☒ 3.2. Enhanced collaboration among developing countries on climate change issues, evidenced by transboundary and regional cooperations/South-South cooperation.

3.2 Anticipated Impact on Direct Access Entity Climate Programming and Implementation Capacity
The proposed Readiness support is expected to strengthen KDB's capacity to systematically originate high-quality climate finance programmes aligned with partner country priorities and GCF investment criteria, while enhancing the efficiency and predictability of project implementation under GCF standards. By institutionalising structured project origination frameworks, formalised engagement mechanisms for potential implementing partners, and embedded operational systems, KDB will improve the quality, consistency, and scalability of its Funding Proposal development and implementation processes across the full project lifecycle.

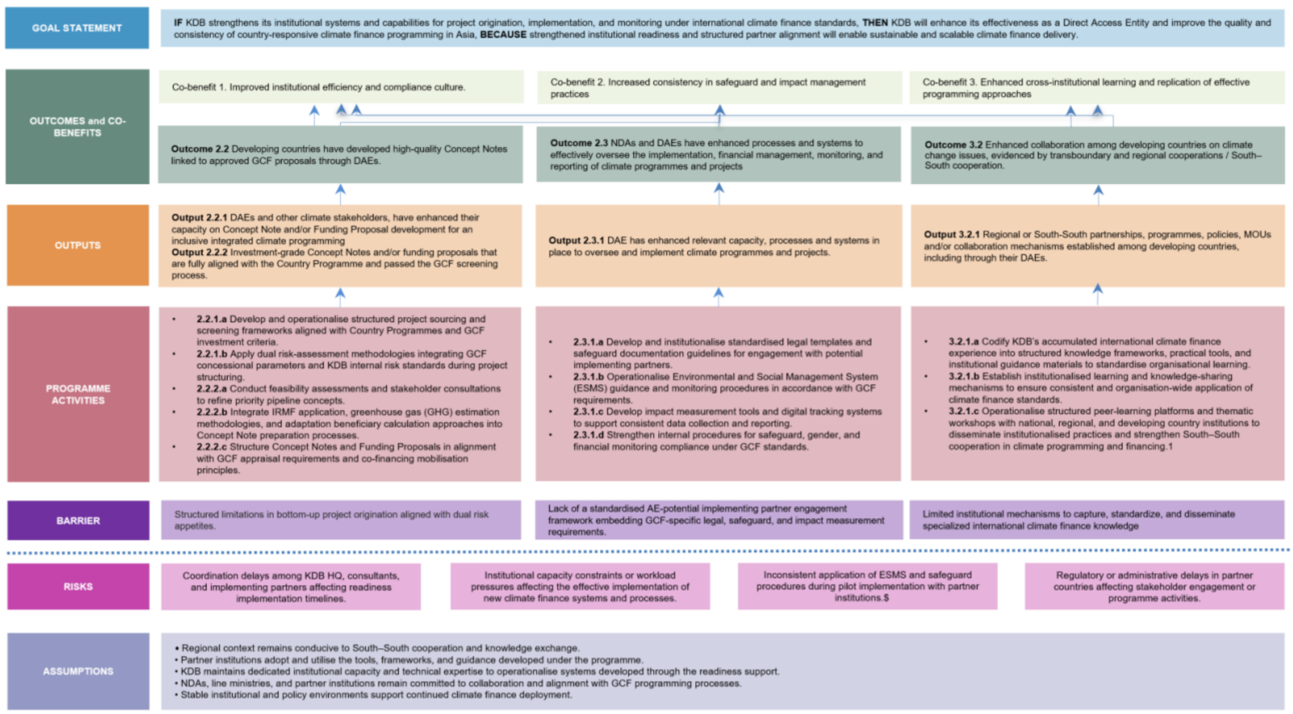
4. Approach, Methodology, and Implementation Activities

Guidance

Please describe technical approach, methodology, and implementation plan to address the country needs and gaps, through the Direct Access modality.

4.1 Theory of Change

The first step in articulating the programme's objectives as well as the logic behind the delivery of its intended results is the formulation of a TOC. Please provide a TOC which highlights key challenges being addressed, as well as the step-by-step pathways to achieving the expected results. Key steps to designing a TOC are outlined in the **RRMF Handbook**.



The theory of change is based on the recognition that KDB's effectiveness as a Direct Access Entity is constrained by three interrelated structural barriers: (i) limitations in bottom-up project origination aligned with both GCF and KDB risk appetites; (ii) the absence of standardised engagement frameworks embedding GCF-specific legal, safeguard, and reporting requirements for potential implementing partners; and (iii) limited institutional mechanisms to systematically capture and disseminate specialised international climate finance knowledge.

To address Barrier 1, the programme will implement activities including the development and operationalisation of structured project sourcing and screening frameworks, application of dual risk-assessment methodologies, integration of IRMF and GHG estimation approaches, and structured stakeholder consultations. These activities will lead to Output 2.2: structured project origination and pipeline development frameworks operationalised to generate investment-grade Concept Notes and Funding Proposals. By institutionalising these upstream systems, KDB will improve the quality, alignment, and bankability of its Concept Notes, thereby contributing to Outcome

2.2: increased number of high-quality Concept Notes and Funding Proposals aligned with country priorities and GCF standards.

To address Barrier 2, the programme will undertake activities such as developing standardised legal templates, operationalising ESMS guidance, establishing structured AE–potential implementing partner engagement protocols, and strengthening safeguard and reporting procedures. These actions will result in Output 2.3: standardised operational systems, including ESMS guidance, impact measurement tools, legal templates, and partner engagement protocols institutionalised within KDB. Through these institutionalised systems, KDB's capacity to oversee implementation, monitoring, and compliance under GCF requirements will be strengthened, contributing to Outcome 2.3: enhanced institutional and operational capacities for climate programming and implementation.

To address Barrier 3, the programme will codify KDB's accumulated international climate finance experience into structured knowledge frameworks, practical tools, and institutional guidance materials, and establish institutionalised learning and knowledge-sharing mechanisms to ensure consistent and organisation-wide application of climate finance standards.

These activities will contribute to Output 3.2.1 by generating structured knowledge products and operationalising peer-learning platforms for dissemination within KDB and to external partners.

Through these institutionalised mechanisms, KDB will strengthen organisational continuity and promote more consistent application of GCF standards in its climate finance operations. This, in turn, will enhance structured engagement with potential implementing partners in developing countries and contribute to more country-responsive and cooperative climate programming, thereby supporting Outcome 3.2: enhanced climate finance knowledge exchange and strengthened South–South cooperation.

4.2 Implementation Activities

Please list all proposed activities under their corresponding outputs. For each activity:

- Assign a unique identifier using the format aligned with the output (e.g., activities under Output 1.2.1 should be labelled as 1.2.1a, 1.2.1b, 1.2.1c, etc.).
- Ensure these activity labels match those referenced in the Financial Proposal to maintain consistency and traceability.
- Provide a clear and detailed description of each activity, specifying the exact actions that will be undertaken.

Objective 2. Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2 programming targets

☒ Outcome 2.2. Developing countries have developed high-quality concept notes linked to approved GCF proposals for adaptation and mitigation that are aligned with the USP-2 results, including through DAEs, that build on readiness support and country programmes.

☒ Output 2.2.1. NDA, DAEs and other climate stakeholders, have enhanced their capacity on Concept Note and/or Funding Proposal development for an inclusive integrated climate programming.

Activities

2-2-1.a. Develop and operationalise structured project sourcing and screening frameworks aligned with Country Programmes and GCF investment criteria.
2-2-1.b. Apply dual risk-assessment methodologies integrating GCF concessional parameters and KDB internal risk standards during project structuring. Implementation Rationale and Contribution: These activities address structured limitations in bottom-up project origination aligned with dual risk appetites (Barrier 1) by embedding unified eligibility filters, climate rationale assessment tools, safeguards screening checklists, and prioritisation protocols into KDB's upstream processes. The integration of GCF concessional parameters with KDB's internal risk standards strengthens institutional capacity to manage blended finance structures. Contribution: Leads to Output 2.2.1 by systematising upstream programming processes and supports Outcome 2.2 through improved pipeline consistency, climate alignment, and structured project origination.

☒ Output 2.2.2. Investment-grade Concept Notes and/or Funding Proposals that are fully aligned with the Country Programme and passed the GCF screening process.

Activities

2-2-2.a. Conduct feasibility assessments and stakeholder consultations to refine priority pipeline concepts.
2-2-2.b. Integrate IRMF application, greenhouse gas (GHG) estimation methodologies, and adaptation beneficiary calculation approaches into Concept Note preparation processes.
2-2-2.c. Structure Concept Notes and Funding Proposals in alignment with GCF appraisal requirements and co-financing mobilisation principles. Implementation Rationale and Contribution: These activities address quality and structuring gaps in project preparation (Barrier 1) by transforming screened concepts into investment-grade submissions through feasibility validation, structured climate rationale development, IRMF alignment, and co-financing design. Integrating GHG estimation and adaptation beneficiary methodologies ensures measurable climate impact consistent with GCF standards. Contribution: Leads to Output 2.2.2 by generating technically robust and appraisal-ready submissions and advances Outcome 2.2 through strengthened CN-to-FP conversion capacity and improved approval readiness.

Objective 2. Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2 programming targets

☒ Outcome 2.3. NDAs and DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring and reporting of climate programmes and projects.

☒ Output 2.3.1. NDA and DAEs have enhanced relevant capacity, processes and systems in place to oversee and implement climate programmes and projects.

Activities

2-3-1.a. Develop and institutionalise standardised legal templates and safeguard documentation guidelines for engagement with potential implementing partners.
2-3-1.b. Operationalise Environmental and Social Management System (ESMS) guidance and monitoring procedures in accordance with GCF requirements.
2-3-1.c. Develop impact measurement tools and digital tracking systems to support consistent data collection and reporting.
2-3-1.d. Strengthen internal procedures for safeguard, gender, and financial monitoring compliance under GCF standards. Implementation Rationale and Contribution: These activities address the absence of a standardised AE–potential implementing partner engagement framework embedding GCF-specific legal, safeguard, and impact requirements (Barrier 2), as well as limited institutionalisation of specialised climate finance knowledge (Barrier 3). By codifying safeguard, legal, and monitoring processes into operational systems, KDB reduces implementation inefficiencies and compliance risks while enhancing predictability in project execution. Contribution: Leads to Output 2.3.1 by embedding structured implementation and oversight systems and supports Outcome 2.3 through enhanced compliance integrity, monitoring consistency, and operational efficiency.

Objective 3. Knowledge-sharing and learning to enhance national and regional cooperation on climate programming and financing

☒ Outcome 3.2. Enhanced collaboration among developing countries on climate change issues, evidenced by transboundary and regional cooperations/South-South cooperation.

☒ Output 3.2.1. Regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms established among developing countries, including through their DAEs.

Activities

3-2-1.a. Codify KDB’s accumulated international climate finance experience into structured knowledge frameworks, practical tools, and institutional guidance materials to standardise organisational learning.
3-2-1.b. Establish institutionalised learning and knowledge-sharing mechanisms to ensure consistent and organisation-wide application of climate finance standards.

3-2-1.c. Operationalise structured peer-learning platforms and thematic workshops with national, regional, and developing country institutions to disseminate institutionalised practices and strengthen South–South cooperation in climate programming and financing. Implementation Rationale and Contribution: These activities address limited institutional mechanisms to systematically capture, standardise, and disseminate specialised international climate finance knowledge (Barrier 3). By codifying accumulated experience into structured knowledge frameworks and establishing institutionalised learning and knowledge-sharing mechanisms, KDB strengthens organisational continuity and ensures consistent application of climate finance standards across its operations. The operationalisation of structured peer-learning platforms and thematic workshops further enables practical knowledge exchange with national, regional, and developing country institutions, reinforcing structured South–South cooperation and promoting more country-responsive climate programming. Contribution: Leads to Output 3.2.1 by institutionalising structured knowledge exchange mechanisms and operationalising peer-learning and workshop platforms, and supports Outcome 3.2 through strengthened regional collaboration, enhanced replication of effective climate finance practices, and improved cooperation in climate programming and financing.

4.3 Stakeholder Engagement Strategy

Stakeholder consultations with implementing partners, government ministries, international organisations, and local financial institutions helped identify specific capacity gaps and operational challenges, including limited familiarity with GCF standards, differences in risk appetite, and constraints in sustaining climate finance pipeline development. These gaps and challenges were found to stem from underlying structural barriers, particularly the absence of standardised project origination frameworks, structured engagement mechanisms, and institutionalised knowledge-sharing systems.

The readiness activities are therefore designed to address these structural barriers, which underpin the observed gaps and challenges. During implementation, stakeholders will be engaged through structured workshops, peer-learning platforms, and coordination meetings aligned with the programme outputs. Feedback will be incorporated through documented consultations and iterative refinement of tools and guidance materials, fostering ownership and strengthening country-responsive climate programming and regional cooperation.

Stakeholder Group	Consultation Activities Conducted	Identified Gaps	Identified Challenges	Structural Barrier Addressed	How Addressed Through Readiness Activities	Engagement During Implementation & Feedback Mechanism
Potential Implementing Partners (Korean securities firms, climate project developers)	Seminars and bilateral consultations (Apr–Sep 2025) to explore partnership opportunities and assess	Limited understanding of GCF fiduciary and due diligence standards; Limited internal capacity to structure	Difficulty aligning commercial risk appetite with GCF concessional risk parameters.	Absence of standardised engagement and structured programming frameworks	Development of structured project origination frameworks; standardised engagement protocols; thematic workshops on GCF	Participation in structured workshops and peer-learning sessions; iterative feedback incorporated through consultation

	GCF readiness.	climate projects aligned with GCF requirements.			compliance, ESS and impact measurement.	notes and post-workshop evaluations; periodic technical dialogue during proposal development.
Government Ministries (MOEF Korea, MSIT, FSC, MOE Malaysia)	Coordination meetings throughout 2025 to discuss pipeline development and inter-ministerial collaboration.	Limited sustained human and financial resources for pipeline development.	Divergent priorities between climate impact objectives and financial risk considerations.	Limited structured mechanisms for coordinated climate programming	Institutionalisation of structured project screening and prioritisation frameworks aligned with national climate priorities.	Regular coordination meetings; review of pipeline prioritisation criteria; incorporation of policy feedback into project screening tools and templates.
International Organisations (GCF Secretariat, OECD, WB, GGGI, CTCN)	Participation in workshops and panels (2025) to explore co-financing and collaboration.	Need for harmonised templates and monitoring frameworks for co-financed projects.	Fragmented approaches to monitoring and reporting across institutions.	Limited institutionalised knowledge-sharing and harmonisation mechanisms (Barrier 3).	Codification of programming practices into structured knowledge products; peer-learning platforms; thematic workshops on harmonised monitoring approaches.	Joint thematic exchanges; technical dialogue to refine templates; structured follow-up communication to incorporate feedback into guidance materials.
Potential Local Financial Institutions (LFIs) (Indonesia, Cambodia, Philippines)	Field missions and bilateral consultations (2025).	Limited clarity on GCF eligibility criteria and safeguard requirements.	Perceived lack of incentive due to compliance burden and capacity constraints.	Limited institutional mechanisms to disseminate structured climate finance knowledge (Barrier 3).	Development of institutionalised knowledge-sharing mechanisms; targeted workshops on GCF standards, impact measurement	Participation in regional workshops and peer-learning platforms; feedback integrated through evaluation forms and

					and safeguard compliance.	follow-up consultations; refinement of guidance materials based on partner inputs.

4.4 Risk Assessment and Mitigation measures

Please describe potential risks and risk monitoring plan, as follows:

- Please list the key identified and potential risks as well as the mitigation measures proposed. The potential risks could include, for example, delays, disruptions, cost and market risks, inadequate coordination/participation, lack of political support, money-laundering/terrorist financing, and prohibited practices.
- Please indicate the probability of occurrence (low/medium/high) and impact level (low/medium/high) for each potential risk.
- If managed remotely, please describe the measures (mechanisms and controls) to be taken to identify, assess, monitor and mitigate any risk of money-laundering, terrorist financing or prohibited practices.
- Please describe the measures (mechanisms and controls) to be taken for activities within the proposal to identify, assess, monitor and mitigate any risk of money-laundering, terrorist financing, prohibited practices and other integrity matters.

Risk Category	Specific risk(s) / Risk(s) description	Probability of occurrence	Impact level	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Operational	Potential delays in readiness implementation due to scheduling conflicts or coordination challenges among KDB HQ, consultants, and potential implementing partners.	Medium	High	Establish clear project management timelines and focal points; conduct quarterly progress reviews to ensure coordination and timely delivery.	KDB; Potential Implementing partners
Other	Institutional Capacity Risk/ Risk of resource constraints or workload imbalance if new readiness activities coincide with ongoing GCF project operations.	Medium	High	Allocate dedicated staff for readiness coordination; ensure periodic workload assessments and adaptive resource planning.	KDB
Environmental	Inconsistent application of newly developed ESMS and safeguard guidelines by potential executing entities during pilot implementation	Medium	Medium	Conduct targeted orientation sessions; establish feedback and revision loops to improve guideline clarity; perform random compliance checks.	KDB; Consultants
Political	Potential regulatory or administrative delays in partner countries affecting workshop organisation or stakeholder participation.	Low	High	Maintain close engagement with NDAs and local authorities; offer flexible scheduling and remote participation options when needed	KDB; NDAs
Financial	Misuse of Readiness funds, including corruption and fraud	Low	High	All Readiness grant disbursements are irrelevant to sub-granting to third parties. The use of funding will be processed in accordance	KDB

				with KDB's established procurement, internal audit, and compliance procedures.	
Financial	Money laundering and terrorist financing (ML/TF) through fund disbursement under the grant	Low	High	KDB's institutional AML/CFT compliance programme, operating under Korea's Act on Reporting and Using Specified Financial Transaction Information and subject to periodic on-site inspections by the Financial Supervisory Service (FSS), applies to all transactions under this grant.	KDB

5. Logical Framework (output)

Guidance

Please complete the logical framework in the separate document.

Objective: Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2 programming targets.

Outcome: Developing countries have developed high-quality concept notes linked to approved GCF proposals for adaptation and mitigation that are aligned with the USP-2 results, including through DAEs, that build on readiness support and country programmes.

Output: NDA, DAEs and other climate stakeholders, have enhanced their capacity on Concept Note and/or Funding Proposal development for an inclusive integrated climate programming.

Indicator: Number of studies, assessments, and other actions undertaken to support the development of investment-grade Concept Notes and/or Funding Proposals.

Please provide the number of studies, assessments, and other actions to develop CN/FP
Unit: No. of Studies/assessments

Conducted to	Baseline	Target
Conducted for Others	0	3

Output: Investment-grade Concept Notes and/or Funding Proposals that are fully aligned with the Country Programme and passed the GCF screening process.

Indicator: Number of Concept Notes and/or Funding Proposals developed that are fully aligned with the Country Programme.

Please provide the CN/FP developed
Unit: No. of Projects

Project Submission Type	Baseline	Target
Concept Note	0	1
Concept Note	0	1
Funding Proposal	0	1
Funding Proposal	0	1

Expected Deliverables

☒ Concept Note and studies, assessment, reports, etc. to support the development of investment-grade Concept Notes.

☒ Funding Proposal and studies, assessment, reports, etc. to support the development of investment-grade Funding Proposals.

Outcome: NDAs and DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring and reporting of climate programmes and projects.

Output: NDA and DAEs have enhanced relevant capacity, processes and systems in place to oversee and implement climate programmes and projects.

Indicator: Number of NDA and DAEs reporting enhanced processes and systems, knowledge and skills that advance their programme/project implementation, financial management, monitoring and reporting, and compliance with GCF standards and policies.

Please provide the number of NDAs/DAEs advancing their programme/project of GCF Funded Activities
Unit: No. of Entities

Institution Roles	Baseline	Target
DAE	0	1

Expected Deliverables

☒ Status report on capacity building of NDA and DAEs in the Country/Region in project/ program design, implementation and oversight.

Objective: Knowledge-sharing and learning to enhance national and regional cooperation on climate programming and financing.

Outcome: Enhanced collaboration among developing countries on climate change issues, evidenced by transboundary and regional cooperations/South-South cooperation.

Output: Regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms established among developing countries, including through their DAEs.

Indicator: Number of regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms established.

Please provide the number of regional, multi-regional, South-South partnerships established or strengthened
Unit: No. of Regional Partnerships

Effectiveness Status	Baseline	Target
Establish	0	1
Strengthen	0	1

Expected Deliverables

☒ Status report on the regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms promoted by the Country or Region.

6. Implementation Arrangements

6.1.1 Partnering under Direct Access

Overall Implementation Approach
At this stage, no specific implementing partner has been confirmed for the proposed Readiness Programme. KDB, as the accredited DAE, will take full responsibility for the coordination, financial management, procurement, and overall delivery of readiness support.
All contracting will **strictly follow KDB's internal procurement and approval procedures**, which include competitive selection, due diligence, and final approval by the authorised decision-maker in line with KDB's internal regulations.
Engagement with Technical and Legal Consultants
For specialised technical components, KDB plans to engage external consultants with proven experience in GCF-funded or MDB-financed projects:

- Forvis Mazars and Carbon Trust will be considered for the development of the pipeline origination and screening framework.
- Watson Farley & Williams, an international law firm experienced in drafting contracts under English law, will be considered to provide advice on the legal documentation framework.
- For impact measurement and ESMS-related work, KDB intends to collaborate with globally recognised environmental and sustainability consulting firms such as WSP, Arup, or ERM, depending on the required scope and expertise.

All engagements will remain **non-binding and exploratory until formal procurement is conducted after GCF approval**, ensuring full compliance with KDB and GCF integrity policies.
DAE's Roles, Ownership, and Decision-Making
KDB will retain **full ownership and decision-making authority** throughout readiness implementation.
Its key responsibilities will include:

- Identify and establish a middle ground between KDB's internal regulations and differing views during the institutionalisation of the framework and process.
- Facilitating communication and coordination among stakeholders;
- Identifying challenges and jointly developing solutions;
- Supervising external consultants to ensure deliverables are of high quality and aligned with readiness objectives;
- Overseeing all technical outputs to ensure frameworks and guidelines are practical, implementable, and aligned with GCF policies.

While consultants will provide technical input, **strategic oversight, quality control, and final approval** will rest entirely with KDB.
Coordination and Communication Strategy
KDB will utilise its existing overseas network, including its Singapore PF Desk and other overseas offices, to support coordination and stakeholder engagement across the Pan-Asia region.For large-scale workshops or regional events, KDB may engage a Professional Conference Organizer (PCO) for logistical assistance. However, all planning, communication records, and stakeholder engagement databases will remain managed and stored by KDB to ensure consistency and institutional learning.
Reporting and Oversight
KDB will serve as the sole reporting entity to the GCF. Annual progress and financial reports will be compiled by KDB based on inputs from consultants and internal project teams. If necessary, KDB may engage an independent accounting or audit firm to enhance financial assurance and data accuracy. All reporting will adhere to GCF readiness guidelines, ensuring transparency, accountability, and quality control throughout implementation.

6.1.2 Framework Agreements

N/A

6.2 Organisation and Staffing

In this chapter, propose the structure and composition of your team. Consider including a visual depiction of the programme team through an organisational chart, depicting reporting responsibilities. List the main disciplines, key experts responsible, and technical and support staff, including their relevant past experience, using the form below.

Please also include any details on any other relevant group of stakeholders, such as steering committees, technical teams, tasks force, coordination mechanisms, PMC structure, etc.

For these groups, describe their composition, decision-making processes, operational procedures, terms of reference (if any) and how the DAE will manage or oversee these units to ensure fulfillment of its obligations.

Name of staff	Organization	Area of Expertise	Position Assigned	Task Assigned	Base Country During Assignment
KDB Climate Business Team PM	KDB Climate Business Team	Climate finance, coordination	Programme Manager	Overall coordination, financial management, and oversight	Republic of Korea (the)
KDB Climate Business Team PM	KDB Climate Business Team	Project finance, origination	Technical Lead	Develop and test the Project Pipeline Development Framework	Republic of Korea (the)
TBD – Legal Advisor	KDB Legal Affairs	Legal compliance, contracting	Advisor	Review and provide input on legal framework and documentation	Republic of Korea (the)

TBD – ESG Reviewer	KDB ESG Center	ESG management, safeguards	Reviewer	Provide review and feedback on ESMS and gender guidelines	Republic of Korea (the)
External Consultants (Technical / Safeguards / Impact / Legal)	Independent Firms	GCF programming, safeguards, impact measurement, legal	External Experts	Provide technical and advisory inputs under CBT supervision	Republic of Korea (the)

Programme Management Unit (PMU)
The Readiness Programme will be managed by the Climate Business Team within KDB's Global Financial Cooperation Centerf. The CBT will serve as the Programme Management Unit (PMU), responsible for the coordination, supervision, financial management, and overall quality assurance of all readiness activities. Strategic oversight and internal coordination will be ensured through regular meetings chaired by the Climate Business Team, engaging relevant departments across KDB to ensure consistency and institutional integration. While the PMU does not take the form of a separate committee, it operates as a functional coordination unit embedded within KDB's existing governance structure. In lieu of establishing a standing steering committee, **KDB will activate an ad-hoc advisory and decision-support mechanism for the Readiness Programme, in accordance with its internal "***Guidelines for Accredited Entity Operations with the GCF.***"** This approach ensures that strategic guidance, risk oversight, and performance management functions typically associated with a steering committee are provided in a timely and proportionate manner, without creating additional permanent governance layers.
Internal Coordination Mechanism
KDB will not establish a separate Steering Committee for this Readiness Programme. Instead, strategic guidance and decision support will be provided through an ad-hoc internal advisory mechanism, convened as needed under *Guidelines for Accredited Entity Operations with the GCF.* Under this mechanism, relevant functional departments—including Legal Affairs, ESG Center, and finance-related units—will be formally consulted on a needs basis to provide targeted advice, review, and risk input related to their respective areas of expertise. The Legal Affairs Department and ESG Center, which are external to GFCC, will provide advisory and review support on the development of legal and safeguard guidelines. The Overseas Offices (including the Singapore PF Desk, and offices in Vietnam and Uzbekistan) will provide regional insights and assist in outreach and consultation activities. This structure enables efficient coordination and decision-making within existing KDB governance channels without creating additional administrative layers.
External Consultants
As described in Section 6.1.1, KDB will engage external consultants to provide specialised inputs for framework design, safeguard integration, and impact measurement. All consultants will operate under direct supervision of the Climate Business Team, and their outputs will undergo internal quality review by the relevant departments (Legal Affairs and ESG Center) before submission to the GCF.
Reporting Responsibilities
KDB will maintain a single reporting line to the GCF. The Programme Manager within the Climate Business Team will consolidate technical and financial inputs, with internal review by the Legal and ESG departments. annual progress reports will be validated through internal coordination meetings before official submission. As an accredited DAE, KDB has established fiduciary systems and controls that meet GCF's financial management and integrity standards, ensuring effective oversight of all readi

Organogram

*Names of department and team may change due to organizational restructuring, but the departments and teams carrying out the same functions will take over the relevant duties.

6.3 Fund flow arrangements

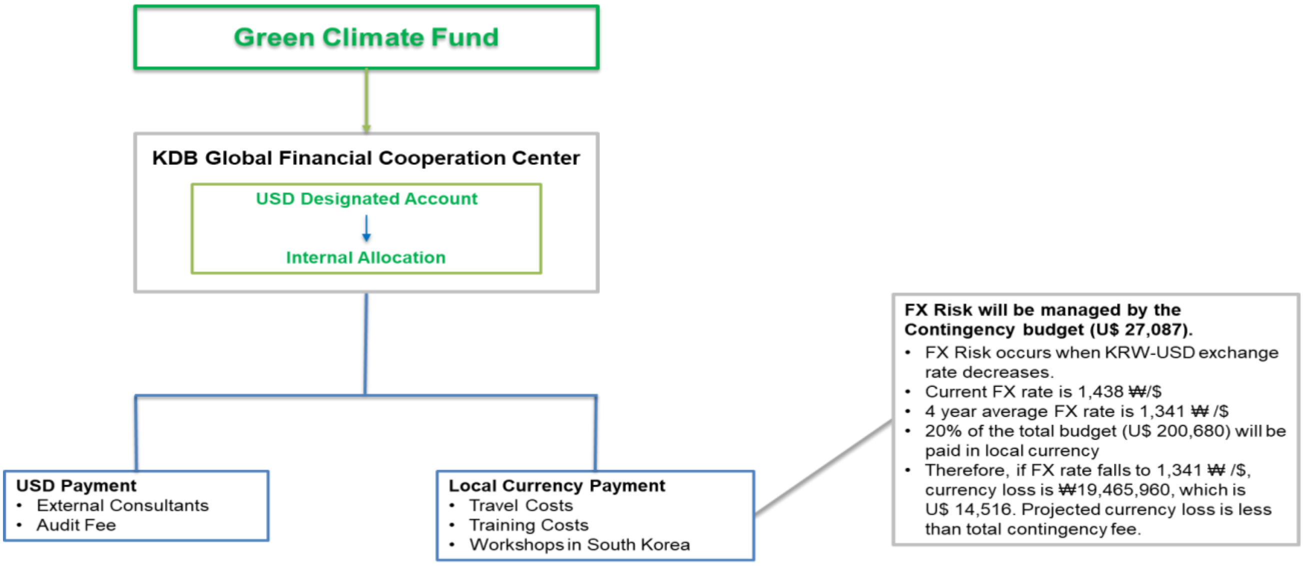
Step1. GCF Disbursement: Funds are transferred from GCF to KDB's dedicated USD account.

Step2. Internal Allocation: KDB allocates funds to project activities based on approved budgets.

Step3. Local Conversion: Where necessary, USD funds are converted into KRW for domestic expenditure.

Step4. Project Disbursement: All disbursements under this Readiness programme will be processed in line with the approved budget under KDB's financial oversight.

Step5. Financial Reporting: Annual financial reports and other required documents are submitted to GCF.



*Names of department and team may change due to organizational restructuring, but the departments and teams carrying out the same functions will take over the relevant duties.

7. Monitoring, Evaluation and Reporting

Guidance

The RRMF has been revised to align with the objectives and outcomes outlined in the 2024-2027 readiness strategy, with the view to (1) simplify and streamline monitoring and reporting procedures; (ii) appropriately capture and reflect the systemic approach and strategic, programme-based methodology for planning and implementing readiness support; and (iii) establish a clear connection between readiness support and the enhanced programming capacities of developing countries and DAEs to effectively access and utilise climate finance.

Please note that there are as per the Revised RRMF, there are two levels of monitoring and reporting. The first is at the programme/project level, and the second is at the Country level. Outlined below are the monitoring and reporting requirements and responsible parties.

7.1 Programme Monitoring and Reporting (Output-Level)

Responsibility & Tasks:

- In the case of direct access, the DAE or a Framework Agreement (FWA) holder is responsible for monitoring the programme/project's implementation and preparing relevant reports that detail the progress of output-level results and deliverables as articulated in the programme/project logframe.

Financial Reporting:

- Regular financial reporting is the principal reporting mechanism under Readiness. Reports should provide an overview of funds received and expended and a comparison of planned versus actual expenditure with rationale for any variances. All financial reports must be presented in USD, in line with the approved programme budget. The detailed reporting requirements, including content and format, will be specified in the implementation-related templates.

Reporting Frequency:

- Annual progress reports, including financial reporting, are to be submitted to the GCF Secretariat by 31 March of each year, unless otherwise agreed to in the respective legal agreements. Upon project closure, a completion report must be submitted within three months of the completion of the activities

☒ By checking this box, I acknowledge awareness of reporting tasks, including frequency and content

7.2 Financial Audits

Responsibility:

- Independent, third-party auditor commissioned by [choose appropriate] the DAE or FWA holder in case of direct access, or by the delivery partner if chosen from the GCF pre-qualified pool through mini-tenders.

Task:

- Regular financial audits to ensure responsible and transparent fund management, preventing misuse or mismanagement and ensuring compliance with GCF and national requirements.

Reporting Frequency:

- Annual financial audit reports must be submitted to the GCF Secretariat by 31 March of each calendar year, unless an alternative frequency and deadline is agreed upon at the conclusion of the legal agreement. The completion financial audit report to be submitted to the GCF Secretariat within three months of completing the activities.

Please confirm which type of auditor will be selected and provide any details

○ Private sector auditor Auditor

(If Public Auditor (such as Country Supreme Audit Institution (SAI) or other)):

N/A
N/A

☒ By checking this box, I acknowledge awareness of financial audit responsibilities, including frequency

7.3 Mid-Term Review (if the programme is four years)

This will align with the Year 2 annual progress report; a separate mid-term report is not required. Instead, a specific section in the Year 2 annual progress report will focus on the assessment of the adequacy of the initial design of the four-year programmes, the evaluation of the progress made towards achieving project objectives, and the review of the effectiveness of the delivery partner (if selected from the GCF pre-qualified pool). It will also identify any challenges encountered. The findings from this review will be used to make necessary adjustments to the project implementation plan in Years 3-4.

☒ By checking this box, I acknowledge awareness of reporting tasks, including frequency and content

7.4 Final Evaluation

Responsibility:

- An independent evaluator will be commissioned by the DAE, or a FWA holder, in case of direct access

Task:

- Upon completion of the project implementation period, an independent evaluation will be conducted to assess the overall impact of the readiness activities. This evaluation will measure the contribution of these activities to the country's objectives and GCF outcomes, guided by the GCF Evaluation Policy and Standards. It will include an impact assessment and document lessons learned to inform future project planning and readiness support. If the country selects two programmes, the GCF Secretariat and the country may consult to explore the rationale and feasibility of conducting a single evaluation for both programmes.

Reporting Frequency:

- The final evaluation report will be submitted to the GCF Secretariat within three months of completing the Readiness activities.

☒ By checking this box, I acknowledge awareness of reporting tasks, including frequency and content

7.5 Sanctions and Restrictive Measures

As a member state of the United Nations, the Republic of Korea is obligated to implement sanctions imposed by the UN Security Council domestically. KDB has established internal handling regulations under its anti-money laundering framework in accordance with the UN Sanctions resolutions, as well as relevant laws and regulations of major jurisdictions such as the United States.

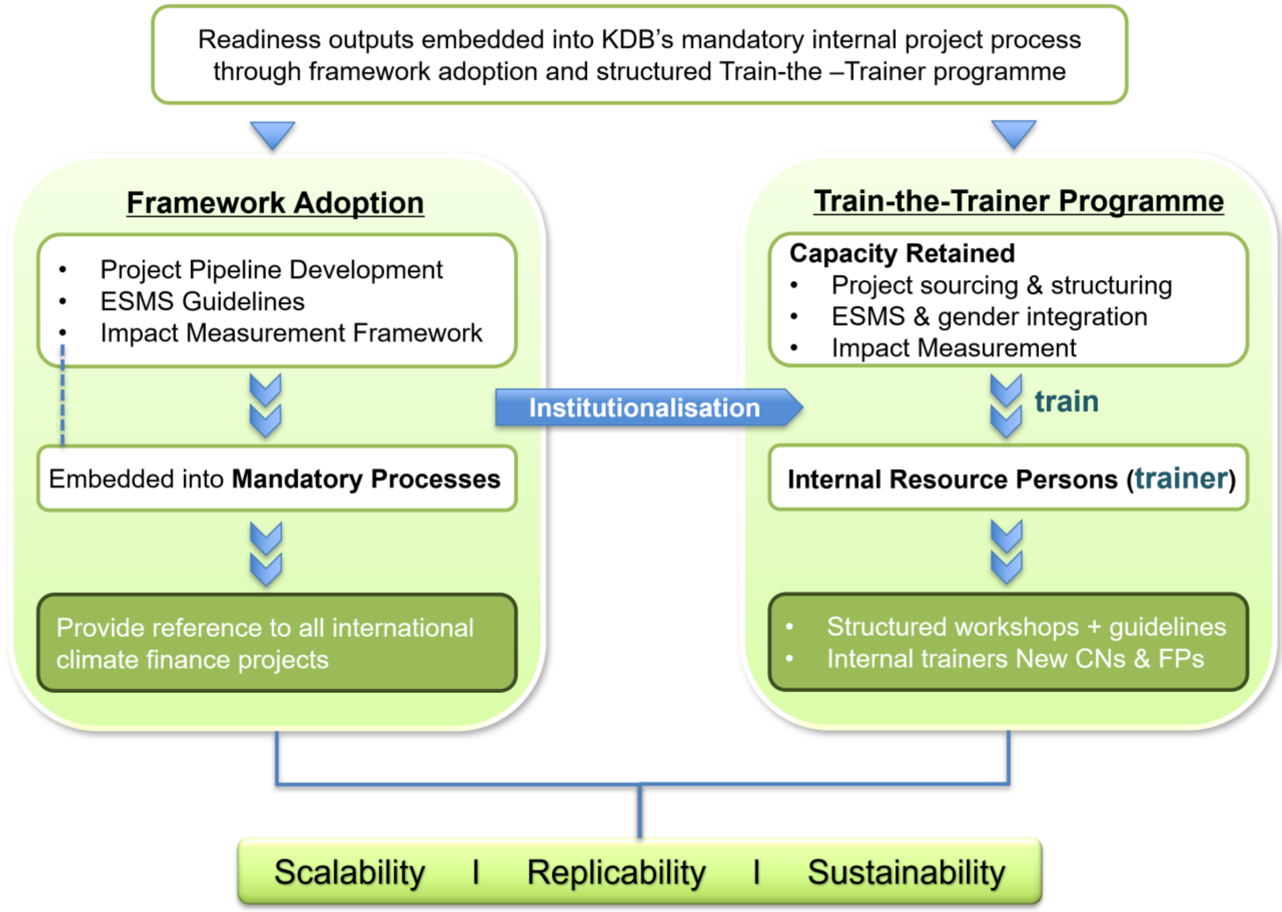
7.6 Grievance Redress Mechanisms
As the Accredited Entity, KDB maintains Independent Grievance Redress Mechanism (IGRM). KDB assigned Financial Consumer Protection Department to be in charge of IGRM. Grievances can be submitted through the website, hotline (call center), fax and office visit (offices are all around the country and overseas). Affected people are ensured that they are protected. Once a complaint is received and confirmed, a responsible officer will be assigned immediately. Official response to the Grievance holder must be made within 14 days since registration of the eligible complaints, and the time taken for the investigation shall not be counted within the 14-day resolution period. The Financial Consumer Protection Department maintains and routinely update a public record of all the registered grievances and complaints having been handled by the KDB IGRM. Channels to submit grievances and the KDB's IGRM such as the resolution procedures are publicly disclosed on the website.

8. Budget

8.1 Budget
The DAE (for the DAE Support Window) is required to prepare and submit the Budget for the proposal period. Please complete the Budget using the specified Excel template. As necessary, provide an accompanying narrative (text) explanation in this section of the proposal. If not necessary, please indicate “Refer to the Excel file”. The Budget must include a disbursement schedule linked to deliverables and aligned with the Implementation Plan. Use the Budget narrative to explain and justify the figures as needed. Download template
Budget plan (please complete in the separate document) While developing the budget, please consider the ineligible costs as per page 13 of the Initial Guide for Countries to Access Readiness Support

9. Other relevant information

9.1 Exit and Sustainability Strategy
The readiness support is designed to to establish durable institutional capacities within KDB and its potential implementing partners by embedding developed tools, structured frameworks, and institutional knowledge-sharing into standard operational processes, rather than treating them as standalone or one-off outputs. To ensure scalability and replicability beyond the readiness period, the programme is designed to integrate all developed practices into KDB's **mandatory project development and implementation processes**. Once piloted and refined through practical application, the Project Pipeline Development Framework, Environmental and Social Management System (ESMS) Guidelines, and Impact Measurement Framework will be formally adopted as **standard operating references** for KDB's international climate finance operations, including both GCF-funded and non-GCF pipelines. This institutional anchoring ensures that the readiness outputs are repeatedly applied, tested, and progressively improved through subsequent project cycles, thereby strengthening long-term institutional maturity and operational consistency over time. In parallel, a structured **train-the-trainer approach** will be implemented to ensure that capacity gains are retained at the institutional level and can be **continuously replicated**. Under this approach, a selected group of KDB climate finance staff and focal points from potentional implementing partnerswill participate in structured, multi-day training workshops covering key areas such as project sourcing and structuring, application of ESMS, gender integration, impact measurement, and GCF-related legal and reporting requirements. The training will be delivered through **facilitated workshops, case-based exercises, and guided discussions**, drawing on practical examples from KDB's project preparation and implementation experience. This applied design strengthens practical ownership of the frameworks while remaining feasible within KDB's operational. Upon completion of the readiness programme**, the trained KDB staff members and potential implementing partners focal points will be formally designated as internal resource persons within their respective institutions**. In this role, they will support the preparation of future Concept Notes and Funding Proposals, onboard new project teams and potential implementing partners, provide internal advisory support on safeguards and reporting requirements, and deliver follow-up training as needed. This approach **reduces reliance on external consultants, embeds expertise within institutions, and enables continuous transfer of knowledge across projects, partners, and countries**, including during periods of staff rotation. Beyond internal institutionalisation, the structured learning mechanisms and peer-exchange platforms established under the programme will continue to support regional collaboration and South–South cooperation. By embedding both operational frameworks and knowledge-sharing systems within institutional structures, the readiness support promotes scalable, replicable, and country-responsive climate finance programming beyond the project period.



9.2 Readiness Programme Closure

The closure of the readiness programme will ensure a structured and transparent transition of all developed frameworks, tools, and knowledge products into sustained institutional use beyond the project period.
An Asset Transfer and Institutional Adoption Plan will be developed to document the **systematic handover of all tools, frameworks, and knowledge products produced under this readiness support into KDB's standard operational and management systems**, include the Project Pipeline Development Framework, ESMS Guidelines, and the Impact Measurement Framework..
The transfer process will emphasise institutional ownership and operational integration rather than proprietary control. All frameworks, templates, and manuals developed will be embedded within KDB's internal management systems and made accessible to partner institutions through established communication channels and workshops. Roles and responsibilities for maintenance and periodic updates will be formally defined to ensure continued relevance and application.
No proprietary intellectual property is expected to arise from the readiness support. Although no significant intellectual property or technology is expected to arise, all developed materials will remain openly accessible within the DAE network to support replication and continued learning. The transfer plan will be jointly endorsed by KDB and partner entities to confirm readiness for sustained use and responsibility for maintenance. The closure process will include formal endorsement by KDB and relevant partner institutions to confirm readiness for sustained use and long-term institutional maintenance.