Approved GCF Project Preparation Facility application

PPF126 | Funding

Funding Proposal	Regional financing solutions for adaptation and mitigation in the Great Forests of Central America and the Dominican Republic
Accredited Entity	United Nations Environment Programme (UNEP)
Countries	Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama
Approval Date	7 October 2026

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Project Preparation Facility (PPF) Application

Concept note title	Regional financing solutions for adaptation and mitigation in the Great Forests of Central America and the Dominican Republic
Accredited Entity	United Nations Environment (UNEP)
Country(ies)	Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama
First submission	20 April 2024
Current submission	18 September 2026 Version 9

GREEN CLIMATE FUND

Please submit the completed PPF application and the PPF no-objection letter to ppf@gcfund.org. Refer to the PPF Guidelines for further information on completing the PPF application.

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A. Executive Summary				
A.1	**Accredited Entity (AE)**	United Nations Environment (UNEP)		
A.2	**Title of concept note submitted with PPF application**	Regional financing solutions for adaptation and mitigation in the Great Forests of Central America and the Dominican Republic		
A.3	**PPF no-objection letter issued by NDA**	Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama		
A.4	**PPF support requested**	PPF Funding - AE will receive grant funding from GCF & directly acquire the services of international or local consultants or sub-grantees for Funding Proposal Development		
A.5	**Cost of PPF activities**	Amount requested from GCF	☒ Grant	USD 1,873,352
			☐ Repayable grant	USD amount
			☐ Equity	USD amount
		Co-financing from AE	USD 471,500	
		Co-financing from other sources	USD 261,200	
		Total project preparation cost	USD 2,606,052	
A.6	**Implementation period**	24 months		
A.7	**Summary of PPF request**			

GCF PPF resources are requested to support the preparation of the Full Funding Proposal for the Programme: ***Regional financing solutions for adaptation and mitigation in the Great Forests of Central America and the Dominican Republic*.**

UNEP will develop the GCF Funding Proposal based on the Concept Note submitted to the GCF on behalf of the Governments of Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

The goal of the Programme is to enhance the resilience and adaptive capacity of Central American forest ecosystems, and the Indigenous peoples and local communities that are highly dependent upon them, to climate change impacts and ecosystem degradation; and to reduce GHG emissions from deforestation and ecosystem degradation. The Programme will achieve this goal by using a combination of technical assistance and country-tailored grant and non-grant financing solutions to support the protection and restoration of forest ecosystems and investments in nature-positive businesses that support sustainable resilient livelihoods, including for IPLCs.

The Programme will be explicitly designed to move beyond a grant-only approach and anchor its financing architecture on a combination of grant, non-grant, and blended finance instruments. PPF activities will

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therefore assess innovative instruments, including debt-for-nature and climate swaps, nature and resilience bonds, results-based payments, and blended finance structures, and ensure their practical embedding within the final programme design.

The PPF will develop a differentiated financing mix across countries and components, reflecting variations in macroeconomic conditions, debt profiles, institutional capacity, and market maturity. This will result in a programmatic structure where concessional grant resources are strategically used to de-risk investments, crowd in private and public capital, and enable the operationalization of non-grant instruments at scale.

The PPF support is needed to enable UNEP to develop and submit a high-quality GCF Funding Proposal that ensures the design is informed by rigorous feasibility studies and analyses, achieves ownership by stakeholders at all levels, and best serves the priorities of the region's governments and the Programme beneficiaries.

PPF activities will be used to gather baseline data and information to: ensure the Programme's feasibility; engage stakeholders to inform the design of program interventions; develop inclusive implementation arrangements; assess innovative non-grant financing instruments for each country to embed them in the design of the financing architecture; identify ambitious but realistic mitigation and adaptation indicators and targets; analyse the programme's anticipated financial and economic benefits, including a robust sustainability and exit strategy; and develop environmental, social and gender assessments and plans, including an Indigenous people plan, to ensure equitable and effective project management fully aligned with the GCF Revised environmental and social policy and UNEP's environmental, social and sustainability framework.

PPF activities include:

- A **feasibility study for the Programme**, comprising climate, socio-ecological, socio-economic institutional and policy context analysis to develop a fully evidenced climate rationale and a science-based targeting strategy to deliver adaptation and mitigation impacts for prioritized forest landscapes. The feasibility study will underpin the design of the full proposal with a comprehensive strategy to meet the Fund's investment criteria relating to paradigm shift, contribution to sustainable development, and efficiency and effectiveness. (See TOR in Annex 3).

- Specific studies for the design of financing solutions, including:

  - **Feasibility study for developing debt for nature and climate swaps and other innovative instruments such as carbon and biodiversity credits to finance forest landscape restoration and conservation in the SICA region**. The preparatory phase will include the necessary baseline assessments to identify suitable innovative financing solutions for the context of each participant country that will be integrated into the Funding Proposal design . The study will justify the suitable non-grant instruments for each of the eight countries (including but not limited to instruments such as debt swaps, nature bond and carbon/biodiversity credits) to be integrated in the Programme financial architecture design across countries and components. Detailed actionable roadmaps for the full design and operationalization of the non-grant instruments tailored to the unique macroeconomic and environmental contexts in each of the eight target countries will be developed based on the findings from the assessment study. The roadmaps for the operationalization of the identified non-grant instruments in each country will inform the funding proposal design and shall include: letters of interest from key government entities, a step-by-step workplan with detailed financial and technical requirements a budget and financing plan. Additionally, it will define a

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stakeholder engagement strategy to build support, identify and engage key partners and experts to implement non-grant instruments in the respective countries, and establish roles and responsibilities, including for UNEP. The roadmap will also feature a capacity-building plan to strengthen institutional readiness, and a risk assessment to anticipate and mitigate potential governance, financial, and environmental challenges. During the execution phase the operational aspects will be further defined and the roadmaps for implementation rolled out. **(See TOR in Annex 1)**

- **Development of a market study and a scoping analysis of global and regional investors to inform the design and operations of the Technical Facility for Business (TAF-B) and the Technical Facility for Investors (TAF-I).** At the preparatory stage the objective is to design two complementary technical assistance facilities to support climate-resilient, nature-positive business and investment ecosystems in the eight countries of the Great Forests Programme. This will include a comprehensive market study of small and medium enterprises (SMEs), particularly those led by Indigenous Peoples and Local Communities (IPLCs), operating in the target forest landscapes. This will inform the design of the Technical Assistance Facility for Business (TAF-B), including its governance, service lines (e.g., incubation, grants, technical support), and sustainability strategy. Second, the assignment will analyze the investor ecosystem to support the creation of the Technical Assistance Facility for Investors (TAF-I) and an associated regional investor network, ensuring that investment barriers are reduced and targeted support is provided to financial actors interested in nature-based and adaptation-focused investments.
  The work will include a detailed mapping of value chains, existing businesses, business support initiatives, and IPLC funds, alongside a thorough analysis of investor mandates, gaps, and needs. Based on these insights, the consultants will design operational and financial models for both TAF-B and TAF-I, define governance structures, eligibility criteria, service offerings, and sustainability mechanisms. This will include identifying and engaging implementing partners for the TAF-I, design the implementation arrangements of the facility, estimating budgets and proposing mechanisms for linking investor networks to investable business pipelines. Through market sounding, pipeline development and investor mapping TAF-B and TAF-I facilities will be designed as enablers of non-grant finance, contributing to the structuring and operationalization of non-grant instruments in the Funding Proposal. **(See TOR in Annex 2)**

- An **Economic and financial analysis** of the intervention strategy; **(See TOR in Annex 4)**

  To develop the financial and economic analyses to describe the efficiency, effectiveness, financial and economic viability of the Programme and justify the level of concessionality requested from the GCF, taking into account the total financing, including identified co-finance and the proposed non-grant financial instruments. The analyses will serve as a decision-making tool to test and inform the Programme's financing architecture, including the feasibility and appropriateness of non-grant and blended finance instruments at both country and programme levels.

  The analyses will describe the mitigation, adaptation, and biodiversity impact the Programme aims to achieve and determine the expected financial return on investment across alternative financing structures to demonstrate the need and effectiveness of GCF funding, including comparison of "with project" financing scenarios to Business-As-Usual (BAU) and known alternatives.

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The financial and economic analysis will be developed at two levels: 1) Country-level analyses and models for each of the eight target countries; and 2) a consolidated programme-level model that aggregates results across all participating countries to assess overall viability and impact.

The financial and economic analyses will be informed by and fully consistent with the following programme preparation documents: the results of the studies under Activities 1 and 2 of the PPF, the Feasibility Study (Activity 3 of the PPF) and the budget and cost structure of the Programme. The scope of the analysis will be aligned with the Economic and Financial Analysis Guidelines of the Green Climate Fund

- **Gender baseline assessment and programme-level costed gender action plan (GAP)**; **(See TOR in Annex 5)**
- **Environmental and Social Management Framework**, including environmental and social screening of sub-project typologies and Environmental and Social Impact Assessment, Indigenous Peoples Framework (IPF), Livelihood Restoration and Compensation Framework, Resettlement Framework and SEAH Risk Assessment with SEAH Prevention and Response Measures; **(See TOR in Annex 6)**
- **Stakeholder mapping, political economy analysis and engagement plan (SEP); (See TOR in Annex 6)**
- **Stakeholder consultations** at the local, national and regional level including inception, mid-tern and validation regional workshops**;(See ToR in Annex 3)**
- Identification and assessment of potential executing entities, including **fiduciary risk and capacity assessments;**
- Finalisation of the **Funding Proposal and all mandatory annexes** integrating GCF Secretariat review sheets.(See ToR in Annex 3)

During the Funding Proposal development, UNEP will explore implementation modalities of the proposed non-grant financial instruments considering the GCF Revised Accreditation Framework (RAF) or potential co-implementation or delegation arrangements with suitable accredited entities (including DAEs) aligned with the risk, scale and instrument profile of each programme component and familiar with GCF fiduciary and safeguards requirements.

UNEP will serve as the Accredited Entity for the PPF grant, responsible for commissioning the necessary studies and expert consulting services. UNEP will ensure the quality of the Funding Proposal, aligning it with the GCF Integrated Results Management Framework, as well as all relevant guidelines and policies. The Central American Commission for Development (CCAD) will execute part of the PPF grant (587,540 USD equivalent to 33% of the total amount requested to GCF), providing strategic and political guidance throughout the process and support stakeholder consultations. CCAD will facilitate communication with the Council of Ministers of Environment and coordinate the involvement of the eight member governments. This will ensure the effective participation of both governmental and non-governmental entities, Indigenous peoples, communities, and other stakeholders at the national and local levels in the prioritized landscapes, securing adequate engagement and ownership at all levels.

B. Justification for Project Preparation Support

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Please explain the AEs' need for project preparation funding from GCF, including any cash or in kind resources from the AE and co-financing for funding proposal development.

Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama request PPFA resources from GCF through UNEP entrusted as the Accredited Entity for this project, pursuant to the Board Decision B.13/21 on Project Preparation Facility. The economic context and high levels of vulnerability to climate change make these countries eligible for receiving funds from the GCF including for Project Preparation. Project preparation funds are requested to support the elaboration of a fully-fledged proposal focusing on climate change adaptation including necessary completion of baseline data, feasibility studies and stakeholder engagement and consultations.

While 108 countries have expressed their support for 30x30 (currently 2nd target of the Kunming-Montreal Global Biodiversity Framework), only a handful of countries have sound plans that address climate mitigation and adaptation, biodiversity conservation, and human wellbeing in an integrated way. The resulting strategies need to address not only the optimal set of places and management actions but also need to consider governance and equity issues. Participation of Indigenous Peoples as key stakeholders and leaders is essential. Sound sustainable financing strategies based on financial needs assessments, including mechanisms to enable IPLCs access to finance are required. The governments of Central America have prioritized demonstrating that innovative financial instruments can be put in place building on already existing or incipient actors and mechanisms and be an effective tool for supporting countries to implement their 30x30 commitments to meet climate and biodiversity targets and retain ecosystems while improving the wellbeing of Indigenous Peoples and local communities. This project will allow countries in the SICA region to pursue their aspirations for reversing trends of high deforestation. It also allows for the implementation of sustainable restoration and conservation models. Central America and the Dominican Republic have made an impressive commitment to using forests and forest protection ass part of their primary strategy to mitigate the impacts of climate change, and to also provide co-benefits of biodiversity conservation and livelihood improvements. However, they need support to realize these goals and to leverage other financing opportunities and private sector investment.

To support the development of this GCF Funding Proposal, UNEP, at the request of the partner governments, is now requesting a grant from the Project Preparation Facility to support the development of the proposed Programme. While the AE personnel will provide substantial technical input, coordinate the proposal preparation and closely oversee the outsourced assignments, PPF resources are required to contract expert services and ensure adequate stakeholder engagement at the regional national and subnational levels, including with IPLC, in all eight participant countries.

In-kind contributions from the participant countries and CCAD will be provided in the form of staff time delegates from Ministries of Environment and experts from the eight countries that will support and contribute to the Programme proposal development at the national and regional levels. Additional in-kind contributions of meeting rooms and local transportation have also been included in the PPFA budget. The total co-financing provided by CCAD and the participant countries is estimated at US$ 261,200. While UNEP is committed to providing support to program development, internal resources are limited for these specific assessments. UNEP will provide US$ 471,500 in-kind contribution in the form of staff time contribution and other project management services as detailed in the PPFA budget description. The development of this Funding Proposal will not be possible without financial assistance from a PPF grant.

C. Implementation Arrangement, Risks & Mitigants

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Please describe implementation arrangements for project preparation activities, including a diagram and narrative description of the roles and responsibilities of the entities involved (NDA, AE, executing entities, procured parties, sub-grantees, as applicable), legal relationships between entities, flow of funds (not applicable to PPF Service), steering committees, and AE staff and consultant contribution arrangements. If seeking PPF Funding with procurement of international or local consultants by the AE, please provide the AE's procurement plan. Also identify any risks and mitigants to implementation.

The United Nations Environment Programme (UNEP), through its Climate Change Division, will be responsible for the implementation of the activities under this Readiness and Preparatory Support proposal. The obligations of UNEP under this proposal, as approved, shall be consistent with the second amended Framework Readiness and Preparatory Support Grant Agreement as amended and restated on 2 June 2020 between GCF and UNEP.

UNEP will execute PPF activities in close consultation with government and civil society representatives in each country. CCAD, which will serve as the executing entity of a portion of the PPF grant amounting to US$ 587,540 (33 % of the total activity cost + PMC) will lead stakeholder consultations and the political engagement processes to align Programme activities with regional and national policy frameworks, ensure synergies and complementarity with initiatives in the region and secure political and financial support for the Programme. A Programme Focal Point (PFP) at CCAD will lead relationships with key stakeholders, including the government, other initiatives in the region, and Indigenous Peoples partners. The PFP will prepare documentation for the Steering Committee meetings and the Ministries Council meetings and gather the necessary input to prepare the PPF progress and financial reports with regard to activities implemented by CCAD. Two National Coordinators (NCs) will support national activities under the PPF: one for Honduras and Nicaragua and one for Dominican Republic, Costa Rica and Panama. The PFP will act as the national coordinator for El Salvador, Guatemala, and Belize.

CCAD will procure services for the consultation activities at the national level, for example, conference, catering, communication and travel services, etc., in accordance with the agreed procurement management plan and in accordance with UNEP rules, policies, and procedures. CCAD recent capacity assessment (Annex 8) indicated low risk on procurement. UNEP prior review threshold will apply for all services > 50,000 USD, with UNEP no objection required for the final selection of individual national consultants contracted by CCAD. The PPF Procurement Plan is available in Annex 9. A cooperation agreement will be signed between UNEP and CCAD for the execution of the PPF activities described above. The legal agreement will reflect the GCF proceeds and obligations under the second amended Framework Readiness and Preparatory Support Grant Agreement as amended and restated on 2 June 2020 between GCF and UNEP and will be available to the Fund upon request. The fiduciary capacity assessment of CCAD commissioned by FAO was completed mid-September 2025 showing an overall low risk rating. The full report is provided in Annex 8 to this PPFA. There are no other programme executing entities' that will be implementing and/or receiving the PPFA grant proceeds.

UNEP will allocate the grant proceeds, in accordance with its obligations under clause 5 (Use of Grant Proceeds by the Delivery Partner) of the Second Amended and Restated Framework Readiness and Preparatory Support Grant Agreement entered into between UNEP and GCF on 2 June 2020. Overall financial management and procurement of goods and services under this readiness and preparatory support proposal will be guided by UNEP's regulations, rules, policies and procedures, as well as its programme manual. Further, procurement of goods and services will follow the general principles stated under clause 7 of the Second Amended and Restated Framework Readiness and Preparatory Support Grant Agreement entered into between UNEP and GCF on 2 June 2020.

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To develop technical inputs for the Funding Proposal and Annexes, UNEP will manage contracts with technical companies to deliver the outputs. Services of a technical nature will be recruited, or acquired, and directly managed by UNEP, in consultation with the National Designated Authorities (NDAs). Recruitment and management of consultants will be in accordance with UNEP rules, policies and procedures. All service agreements with third parties will be in compliance with UNEP and GCF standards and policies and the terms of the PPF Grant Agreement entered into between UNEP and GCF and will provide for controls on the use of GCF funds, including compliance with the GCF Prohibited Practices policy.

A UNEP Task Manager (TM) based in Panama will be responsible for proposal oversight and supervision of the PPF, and to ensure consistency with GCF and UNEP policies and procedures. He/she will liaise with the consultant teams and CCAD Programme Focal Point (PFP) and national coordinators to ensure effective stakeholder consultations and engagement at all levels. The functions of the TM will include, but will not be limited to the following: i) appraising and finalizing project implementation arrangements ii) oversee PPF activities and consultancy deliverables, iii) advise on and participate in the inception workshop and subsequent supervision missions; iv) provide technical guidance to the project formulation process; v) organize monthly PPF workplan coordination meetings with the consultant teams and CCAD Programme Focal Point and National Coordinators, vi) provide oversight to procurement and financial management to ensure implementation is in line with UNEP policies; vii) disburse funds to the vendors and review financial reports viii) oversee the preparation of PPF progress reports to the Secretariat ix) monitor and review expenditure reports and review and approve budget revisions. UNEP will submit semi-annual progress reports to the GCF in accordance with the terms of the Second Amended and Restated Framework Readiness and Preparatory Support Grant Agreement entered into between UNEP and GCF on 2 June 2020.

Additional expertise from UNEP's staff in the Regional Office of Latin America and the Caribbean, the Climate Division (Adaptation Unit, Mitigation Unit and Climate Finance Unit) and Gender and Safeguards staff will be mobilized for the programme proposal preparation. Their time has been considered as in-kind contribution from the Accredited Entity under PMC along with other project management services provided by UNEP as per the detail provided in the budget description.

The proposal development will be governed by a regional multi-sectoral Steering Committee comprised of CCAD, country focal points, IPLC representatives, and UNEP, which will convene at least once every 6 months in hybrid meetings to review Project implementation and ensure alignment with country priorities. The Council of Ministers, comprised of the environmental ministers representing all eight participating countries, will provide strategic guidance to the Steering Committee and will validate and provide input on the proposed Programme activities.

Figure 1 below shows the PPF Grant implementation arrangements.

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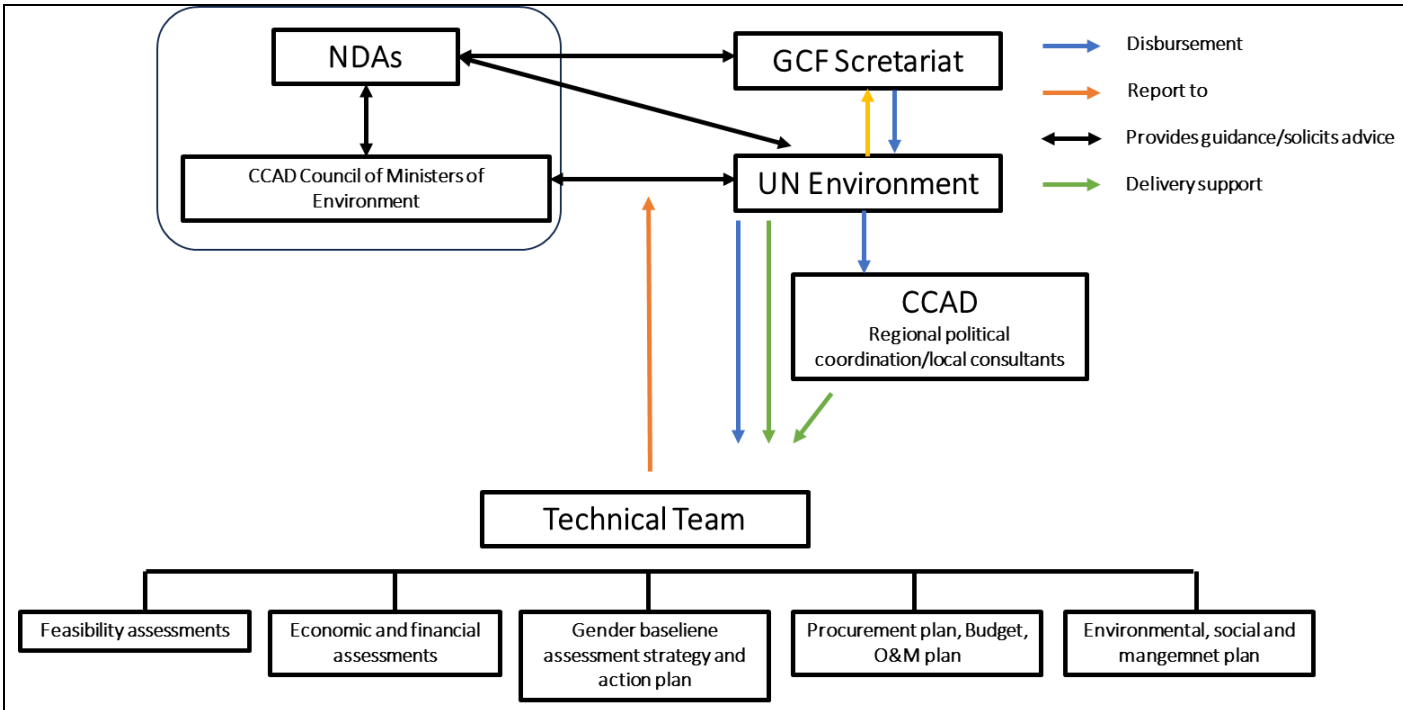


Figure 1: implementation maps show the flow of funds and reporting lines.

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D. Description of project preparation activities

Summary of activities and Outputs Please select *PPF activity* and add rows as needed. Submit detailed terms of reference outlining scope of work and deliverables as a separate annex.		**Implementation Period** Please shade the expected duration, up to 24 months. Indicate completion target with an 'X'.																						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Activity 0	**Inception phase activities** • Official communication to launch the preparation phase • Signature of the project cooperation agreement with CCAD for the partial execution of the PPF. • Contracting of expert consultant firms and individual consultants. • Contracting of the full proposal development coordinator			**X**																				
Activity 1	**Pre-feasibility and feasibility studies, and project design** ***Assessment study for Developing Debt for Nature and Climate swaps and other innovative instruments to finance forest landscape restoration and conservation in the SICA region*** The objectives of this activity are: 1. To conduct a comprehensive assessment study of the feasibility and potential of innovative debt financing mechanisms, including debt for nature and climate swaps, and other financing instruments such as forest bonds and nature performance bonds and carbon and biodiversity credits in the eight countries SICA region.									**X**														

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	The instruments identified will support the financing of forest ecosystem conservation, restoration, and sustainable management of existing protected areas (PAs) and other effective area-based conservation measures (OECMs) to achieve adaptation, mitigation and biodiversity conservation national and regional goals. 2. To justify the suitable financial instruments for each of the eight countries (including but not limited to instruments such as debt swaps, nature bond and carbon/biodiversity credits) to be integrated in the Programme design and develop detailed actionable roadmaps for the full design and operationalization of the financial instruments tailored to the unique macroeconomic and environmental contexts in each of the eight target countries based on the findings from the assessment study (objective 1). The detailed Terms of Reference are provided in the PPFA Annex 1. **Output 1.1 Assessment study of debt for nature and climate swaps and other innovative financing instruments in the eight countries SICA region** **Output 1.2. Detailed roadmap for designing and implementing debt for nature and climate swaps in countries where the assessment indicates debt for climate and nature swaps are viable and as per stakeholder consultations** **Output 1.3 Detailed roadmap for designing and implementing other innovative financing instruments relevant to the context of each country, as per the assessment findings and stakeholder consultations.**	

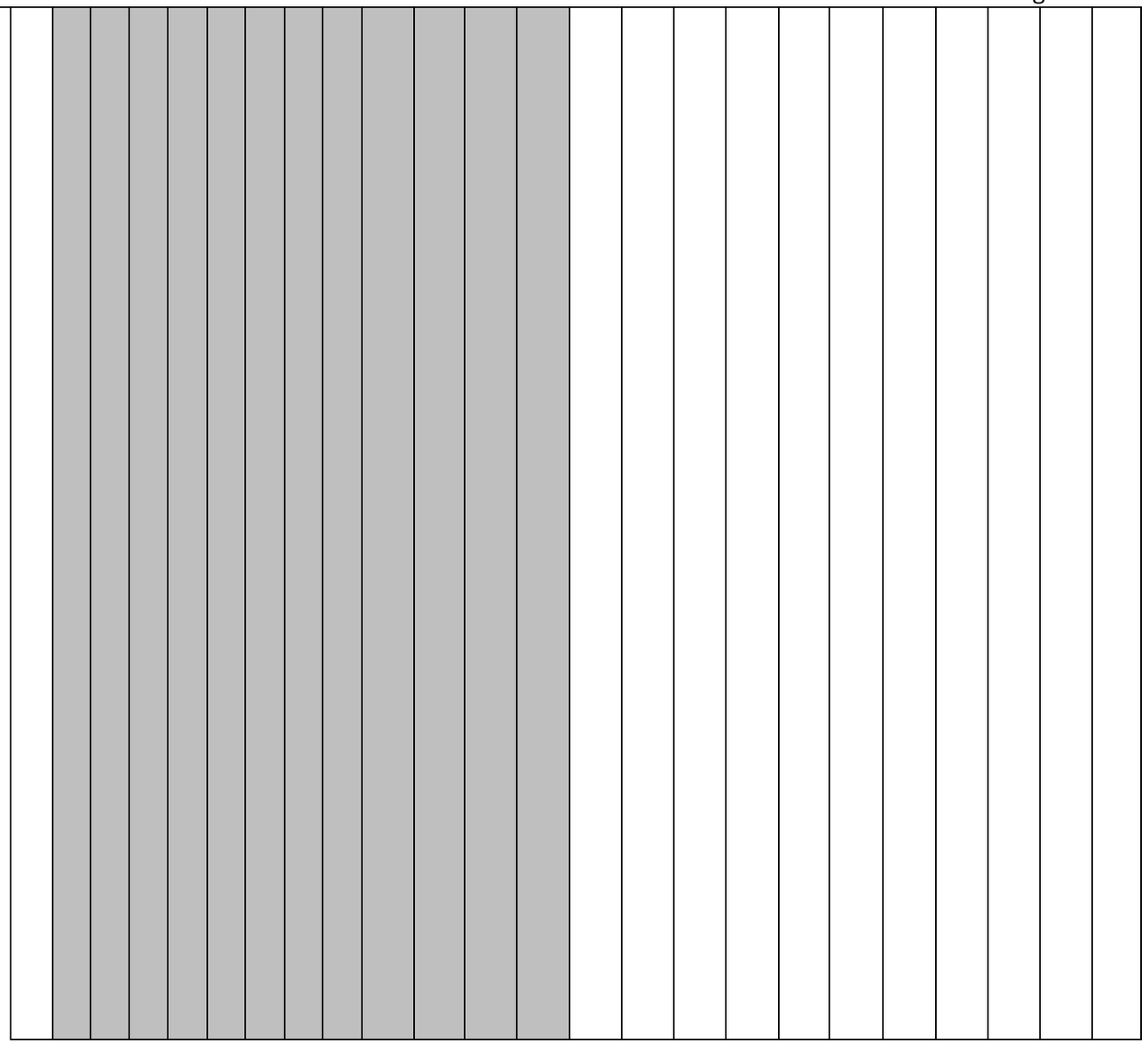
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	Output 1.4 Government letters of interest in debt swap schemes or alternative innovative financing instruments. **Output 1.5 Letters of interest and cofinancing from specialized partners identified.**																						
Activity 2	**Pre-feasibility and feasibility studies, and project design** ***Market study of the landscape of nature-positive and climate-resilient business operations in forest landscapes of the SICA countries, scoping analysis of the ecosystem of global and regional investors and design of Technical Facilities for Business (TAF-B) and for Investors (TAF-I)*** The objectives of this activity are: 1 .To conduct a comprehensive market study of the landscape of nature-positive and climate resilient business operations in the Programme target areas in the eight countries and design with relevant stakeholders the governance structure and operational guidelines for the regional Technical Assistance Facility for Business (TAF-B). (Component 3 of the Programme). 2.To conduct a comprehensive scoping analysis of the ecosystem of investors and design with relevant stakeholders the governance structure and operational guidelines for the regional Technical Assistance Facility for Investors (TAF-I) and the Network for Investors, ensuring the design of TAF-I is structured in a way to reduce barriers to investment by (impact) investors to nature-positive and climate-resilient businesses. (Component 4 of the Programme). The supporting lines for the TAF-B and TAF-I may consider grants for technical assistance, repayable grants or other non-grant instruments.											**X**											

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	The detailed Terms of Reference are provided in the PPFA Annex 2. **Output 2.1 A market study of the landscape of nature-positive small business operations** **Output 2.2 Governance structure and operational guidelines for TAF-B** **Output 2.1 A market study of the landscape of nature-positive small business operations and scoping analysis of regional and global investors for the business operations identified (tasks 1.1.- 1.8).** **Output 2.2 Design of the TAF-B (task 2.1) and TAF-I and Network of Investors (task 2.2)_** **Output 2.3 Letters of interest from implementing partners of TAF-B in the eight countries.** **Output 2.4 Letters of interest from potential investors and TAF-I beneficiaries** **Output 2.5 Letters of cofinancing for the TAF-B and TAF-I**																							
Activity 3	**Pre-feasibility and feasibility studies, and project design** ***Feasibility study for the Programme*** which will underpin the Full Proposal. It will include the following elements: • Climate analysis, including historic climate trend analysis over the past 20 years and projected climate trends in the project area • Analysis of climate vulnerability of forest ecosystems and IPLC living in the forest landscapes												**X**										

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	• Socio-ecological analysis using spatial data on forest coverage, biodiversity, conservation areas (PAs and OECMs), land uses and land tenure • Social and economic context analysis • Institutional and policy context analysis • Climate rationale using scientific research, climate models and local knowledge to clearly show interactions between climate change and non-climate drivers, and the current and projected impacts • Analysis of the barriers preventing the preferred adaptation solutions from being implemented or scaled up and a barrier removal strategy. • Analysis of best practice, lessons learned and knowledge outputs • Development of a science-based targeting strategy to select forest landscapes to deliver high adaptation impacts in the eight countries. • Definition and validation of EBA strategies in the selected landscapes of the eight countries to maximize adaptation and mitigation impacts, including a cost-benefit analysis to justify the selection of the proposed measures. • Analysis of the funding gap for protected areas and OECMs in selected landscapes • Development of evidence-based adaptation rationale and Theory of change linkages with various project outcomes and outputs and co-benefit analysis • Development of the programme results framework including paradigm shift and sustainable development potential and quantitative and qualitative indicators for increased resilience, reduced emissions and enabling environment outcomes aligned with the GCF Integrated Result Management Framework • Consolidate evidence from PPFA Activities 1 and 2, together with the EFA, to develop the Programme's financing architecture across countries and components, including the structuring, targeting and operationalization of non-grant instruments, providing a	

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	clear justification for the use of grant financing where necessary. • Define implementation arrangements, exploring how the proposed financial instruments could be implemented by UNEP through the GCF Revised Accreditation Framework (RAF) or through co-implementation or delegation arrangements with suitable accredited entities (including DAEs) aligned with the risk, scale and instrument profile of each programme component, and familiar with GCF fiduciary and safeguards requirements. • Define the execution arrangements identifying one suitable executing entity for component 2 and one suitable executing entity for components 3 and 4 through a comparative advantage analysis in line with UNEP Partnership Policy. The detailed Terms of Reference are provided in the PPFA Annex 3. **Output 3: Feasibility Study for the Programme (Annex 2 of the Funding Proposal)**																						
Activity 4	**Advisory services and/or other services to financially structure a proposed activity** ***Financial and economic analysis of the intervention strategy*** To develop the financial and economic analyses to describe the efficiency, effectiveness, financial and economic viability of the Programme and justify the level of concessionality requested from the GCF, taking into account the total financing, including identified co-finance and the proposed non-grant financial instruments. The analyses will serve as a decision-making tool to test and inform the Programme's financing architecture, including the feasibility and appropriateness of non-grant and blended finance instruments at both country and programme levels.														**X**								

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	The analyses will describe the mitigation, adaptation, and biodiversity impact the Programme aims to achieve and determine the expected financial return on investment across alternative financing structures to demonstrate the need and effectiveness of GCF funding, including comparison of "with project" financing scenarios to Business-As-Usual (BAU) and known alternatives. The financial and economic analysis will be developed at two levels: 1. Country-level analyses and models for each of the eight target countries; and 2. A consolidated programme-level model that aggregates results across all participating countries to assess overall viability and impact. The scope of the economic and financial analysis will be aligned with the Economic and Financial Analysis Guidelines of the Green Climate Fund. The detailed Terms of Reference are provided in the PPFA Annex 4. **Output 4: Financial and Economic Analysis (Annex 3 of the Funding Proposal)**																								
Activity 5	**Gender studies** ***Gender baseline assessment and Gender Action Plan*** A gender baseline and analysis will be established for the targeted areas in the 8 countries in view of deficient available data and to ensure the project incorporates a gender action plan with specific indicators and targets to achieve a gender-responsive and gender mainstreaming approach in line with												**X**											

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	the updated GCF Gender Policy and UNEP Policy and strategy on gender equality and the environment. **Output 5: Gender assessment covering the 8 countries and programme level costed Gender Action Plan using GCF template (Annex 8 of the Funding Proposal)** The detailed Terms of Reference are provided in the PPFA Annex 5.																						
Activity 6	**Environmental and social studies, including Indigenous Peoples studies** ***Social and environmental risk assessments and preparation of an Environmental and Social Management Framework (ESMF) other ESS instruments and the Stakeholder Engagement Plan (SEP)*** As part of this activity, the programme will prepare the full suite of safeguards instruments required for a multi-country intervention with sub-project typologies and an investment component, including: an Environmental and Social Management Framework (ESMF), Indigenous Peoples Framework (IPF), Livelihood Restoration and Compensation Framework (LRCF), Resettlement Policy Framework (RPF), and a programme-wide SEAH risk assessment with corresponding SEAH prevention and response measures. These instruments will be informed by the environmental and social screening of sub-project typologies and high-level impact assessments of prioritized forest landscapes, and will explicitly integrate gender-responsiveness, non-discrimination, human rights and the “do no harm” principle.												**X**										

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	The activity will also prepare a comprehensive stakeholder mapping, political economy analysis and a programme-level Stakeholder Engagement Plan (SEP) that incorporates country-specific considerations and ensures meaningful, inclusive and culturally appropriate engagement processes throughout programme implementation. The SEP will consider the GCF Sustainability guidance note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects. **Output 6.1: Environmental and Social Management Framework, including environmental and social screening of sub-project typologies and Environmental and Social Impact Assessment (Annex 6 of the Funding Proposal);** **Output 6.2 Indigenous Peoples Framework (IPF)** **Output 6.3 Livelihood Restoration and Compensation Framework** **Output 6.4 Resettlement Framework** **Output 6.5 SEAH Risk Assessment and SEAH Prevention and Response Measures** **Output 6.6 Stakeholder mapping, political economy analysis and engagement plan (SEP). (Annex 7 of the Funding Proposal)** The detailed Terms of Reference are provided in the PPFA Annex 6.																							
Activity 7	**Pre-feasibility and feasibility studies, and project design** ***GCF full funding proposal and other annexes*** Development of the full funding proposal to the standard required by UNEP and GCF, and in accordance with the																		**X**					

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	requirements set out in the GCF Investment Criteria Framework, the Performance Management Framework and the latest Funding Proposal Template. This activity includes the preparation of the remaining annexes for completeness: • Logical framework including relevant GCF IRMF indicators and project specific indicators chosen for the project results • A detailed budget plan including activity- based budget (GCF and co-financing) with budget notes and unit costs verified for each country using the template Annex 4 Detailed budget template of the FP. • Timetable of programme implementation including key milestone using the template provided in Annex 5 of the FP. • Summary of consultations and a stakeholder engagement plan (Annex 7 of the FP) • An activity- based budget (GCF and co-financing) with budget notes and unit costs verified for the country. • Summary of consultations and a stakeholder engagement plan for the FP development. • A procurement plan including all programme components for each year of the project and in each participating country, using Annex 10 Procurement Plan template • A costed Monitoring and evaluation plan, including roles and responsibilities, using the template provided in Annex 11 of the FP. • Letters confirming co-financing using the template provided in Annex 13 of the FP. • Map indicating the location of the project/programme, including GIS-based maps of intervention locations, as necessary.(Annex 16 of the FP) • Multi-country programme information as per the template provided in Annex 17 of the FP																							

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	• Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects) Annex 22 of the FP • Operations and maintenance manual (Annex 21 of the FP) • The First Level Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) assessment (Annex 20 of the FP). • Terms of Reference for the main project staff. All sections completed required by the Full funding proposal template. **Output 7: Funding Proposal with all sections of the template completed and all other Annexes as listed above.**																								
Activity 8	**Other project preparation activities, where necessary, and with sufficient justification** ***Inception, mid-term and validation regional stakeholder workshops*** These workshops are critical for ensuring regional cooperation and policy alignment among the eight SICA countries involved. Given the complexity and regional scope of the programme, they will facilitate effective coordination and foster ownership by the Ministries of Environment represented in CCAD, allowing countries to lead and tailor the programme to their regional and national priorities and strategies. These workshops will also serve as platforms for stakeholder engagement, enabling inclusive decision-making, adjustments based on shared lessons and alignment with national and regional strategies and interventions. The validation workshop will serve as the platform for the technical focal points in the Ministries of Environment to recommend the endorsement of the final full proposal prior to its submission to the GCF				**X**						**X**							**X**							

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	Secretariat. (The midterm workshop will be carried out virtually to reduce costs). **Output 8: Three stakeholder regional workshop reports**																							
Activity 9	**Other project preparation activities, where necessary, and with sufficient justification** ***<u>Fiduciary risk and capacity assessment executing entities</u>*** The fiduciary capacity assessment will be based on the Harmonized Approach to Cash Transfers (HACT) Framework which represents a common operational framework for UN agencies' transfer of cash to government and non-governmental executing entities (EE's). The due diligence review provides an overall assessment of the EE's programme, financial and operations management policies, procedures, systems and internal controls. It includes: • A review of the EE's programme management policies and procedures, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement; • A focus on compliance with policies, procedures, regulations and institutional arrangements that are issued both by the EE's host Government (if applicable) and the EE's governing body (if different). • The effectiveness of the systems in providing the EE's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements. • The general effectiveness of the internal control system in protecting the assets and resources of the EE.																							

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	The review takes into account results of any previous assessments conducted of the EE. **Output 9.1 Due diligence and assessment of the capacity of the Executing Agencies.** **Output 9.2 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity. Annex 19 of the FP.**																							
Submission of funding proposal																				**X**				
Additional period for review by GCF Secretariat and Independent Technical Advisory Panel																								

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E. Terms of Reference for Project Preparation Activities

The following detailed Terms of Reference as provided in Annexes:

- Annex 1. ToR Assessment Study: Developing Debt for Nature and Climate swaps and other innovative instruments to finance forest landscape restoration and conservation in the SICA region (PPF activity 1)
- Annex 2. ToR Market study of the landscape of nature-positive and climate-resilient business operations in forest landscapes of the SICA countries, scoping analysis of the ecosystem of global and regional investors and design of Technical Facilities for Business (TAF-B) and for Investors (TAF-I) (PPF activity 2)
- Annex 3. ToR Feasibility study and development of a GCF Funding Proposal for the Programme "Regional financing solutions for adaptation and mitigation in the Great Forests of Central America and the Dominican Republic" (PPF activities 3,4,5,6,7,and 8).
- Annex 4.ToR Economic and Financial Analysis (PPF Activity 4)
- Annex 5. ToR Gender Assessment and Gender Action Plan and stakeholder mapping and Stakeholder Engagement Plan (PPF Activity 5)
- Annex 6. ToR Environment and Social Safeguards Instruments (PPF Activity 4)
- Annex 7. Safeguards risk identification form (SRIF), December 2024
- Annex 8. Capacity assessment Comision Centroamericana de Ambiente y Desarrollo (CCAD)
- Annex 9: PPFA Procurement Plan

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F. Budget Summary (applicable to PPF Funding applications only)				
Outputs or Activities level budget summary Please fill out the detailed budget template and submit it along with this application. Add rows as needed.		**USD from GCF**	**USD from AE / co-finance**	**Total cost, USD**
Activity 1	Developing Debt for Nature and Climate swaps and other alternative debt instruments	246,330	49,600	295,930
Activity 2	Market study of the landscape of nature-positive and climate-resilient business operations in forest landscapes of the SICA countries, scoping analysis of the ecosystem of global and regional investors and design of Technical Facilities for Business (TAF-B) and for Investors (TAF-I)	441,430	87,600	529,030
Activity 3	Programme Feasibility study	469,832	62,800	532,632
Activity 4	Financial and economic appraisal	29,146	0	29,146
Activity 5	Gender baseline assessment and preparation of the Gender Action Plan	61,596	34,600	96,196
Activity 6	Social and environmental risk assessments and preparation of an Environmental and Social Management Plan (ESMP), Indigenous People Plan and Stakeholder Engagement Plan	177,942	44,200	222,142
Activity 7	GCF full funding proposal preparation and annexes (inclusive of revisions)	192,000	42,000	234,000
Activity 8	Inception, midterm validation regional stakeholder meetings	50,750	26,400	77,150
Activity 9	Fiduciary capacity and risk assessment of selected executing agencies.	0	14,400	14,400
Total activity-level costs		**1,669,026**	**361,600**	**2,030,626**
Additional costs and fees				
Contingency (up to 5% of total activity-level costs)		30,000	0	30,000
Project Management Cost (up to 7.5% of total cost + contingency)		27,826	209,600	237,426
Sub-total of project preparation costs		**1,726,852**	**571,200**	**2,298,052**
Accredited Entity Fee (up to 8.5% of sub-total)		146,500	161,500	308,000
Total GCF PPF funding requested (sub-total + AE fee)		**1,873,352**	**732,700**	**2,606,052**

G. Budget Summary (applicable to PPF Funding applications only)
G.1 For AEs without framework readiness and preparatory support grant agreement with GCF

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For PPF Funding requests of 12 months or less	1st tranche	90% of total grant, equating to USD amount, to be disbursed upon or after effectiveness of the Grant Agreement and fulfilment of conditions in Grant Agreement Standard Conditions.
	Final tranche	10% of total grant, equating to USD amount, will be disbursed upon submission of a completion report and final audit report.
For PPF Funding requests of 12 months or more	1st tranche	50% of total grant, equating to USD 1,499,978.00, will be disbursed upon or after effectiveness of the Grant Agreement and fulfilment of the conditions specified in Grant Agreement and Standard Conditions.
	2nd tranche	40% of total grant, equating to USD 1,199,982.40, will be disbursed (provided that at least 70% of the 1st Tranche has been committed) upon submission of an interim progress report and Certified Financial Report from CFO/Head of Finance or designated official and upon fulfilment of conditions in Grant Agreement and Standard Conditions.
	Final tranche	10% of total grant, equating to USD 299,995.60 , will be disbursed upon submission of completion report and final audit report.

G.2 For AEs with framework readiness and preparatory support grant agreement with GCF

The following paragraph to be completed by the AE:

Disbursements will be made in accordance to [Clause 4] “Disbursement of Grants” and [Clause 5] “Use of Grant Proceeds by the Delivery Partner” of the Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and UNEP on 11 October 2016 and amended and restated on 10 December 2017, and further amended and restated on 2 June 2020. UNEP is entitled to submit 2 request(s) for disbursement each year; and additionally, for proposals approved between the 2 request dates, an Interim Request for Disbursement may be submitted within 30 days of the date of the notification of the relevant approval by the Fund.

UNEP will submit annual Portfolio Reports to the GCF in accordance with the terms of the Framework R&P Support Grant Agreement between GCF and UNEP.

H. Reporting Obligations & Acknowledgements by AE

E.1	The AE will submit a Funding Proposal to the GCF that is supported by the PPF resources within 2 years of approval of this application, as per GCF Board Decision B.37/22.	☒ Agree
E.2	All outputs as approved in the PPF application together with a draft Funding Proposal should be provided no later than 24 months from approval of this PPF application. If PPF grant duration is over 12 months, an Interim Progress Report, and for all grants, a Completion Report, and Certified Financial Reports will be submitted by the AE. Templates can be found on the GCF PPF website.	☒ Agree
E.3	If requesting project preparation support via **PPF Funding**, the AE will be responsible for [and accountable to the GCF under terms of the Grant Agreement to be entered into between GCF and the AE in case of direct grants, or between United Nations Office of Project Services (UNOPS) and the AE in case of grants administered by UNOPS] the overall design, development, management, implementation and supervision of activities financed through the PPF. The AE will be responsible for determining that any sub-grantee(s) have the ability to successfully perform the activities under its overall guidance, management or supervision, according to the terms and conditions of the agreement between the GCF and the AE.	☒ Agree
E.4	If requesting project preparation support via PPF Service, the AE will be responsible for managing the independent consultancy firm selected to provide PPF Services; providing instructions to the independent consultancy firm selected	☐ Agree

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	to provide PPF Services; and the quality control of the final products of the independent consulting firm. The AE shall provide to the GCF written confirmation that the deliverables by the PPF Services firm are satisfactory and meet the requirements of the AE within thirty [30] days from the date of completion of services by the consultancy firm. The GCF shall have no liability for the performance or quality of the services provided by the independent consultancy firm. To the maximum extent permitted by law, the AE agrees to release the GCF, and its employees, agents and representatives from any and all liability related to damage, loss, cost, expense incurred or injury suffered by the AE or any other party as a result of the project preparation services.	