Funding Proposal

SAP073: Building Climate Change Resilience of Vulnerable Households in Selected Localities of Ethiopia

Ethiopia | The Federal Democratic Republic of Ethiopia, acting through the Ministry of Finance (MOF Ethiopia) | Decision B.46/04

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This section provides a list of mandatory documents that should be submitted with the funding proposal as well as optional documents and references as deemed necessary to supplement the information provided in the funding proposal.

Notes to accredited entities on the use of the SAP funding proposal template

- The Simplified Approval Process Pilot Scheme (SAP) supports projects and programs with a GCF contribution of up to USD 25 million with minimal to no environmental and social risks. Projects and programs are eligible for SAP if they are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development.
- This template is for the SAP funding proposals and is different from the funding proposal template under the standard project and program cycle. Distinctive features of the SAP funding proposal template are:
  - *Simpler documents*: key documents have been simplified, and presented in a single, up-front list;
  - *Fewer pages*: A shorter form with significantly fewer pages. The total length of funding proposals should **not exceed 20 pages,** annexes can be used to provide details as necessary;
  - *Easier form-filling*: fewer questions and clearer guidance allows more concise and succinct responses for each sub-section, avoiding duplication of information.
- Accredited entities can either directly incorporate information into this proposal, or provide summary information in the proposal with cross-reference to other funding proposal documents such as project appraisal document, pre-feasibility studies, term sheet, legal due diligence report, etc.
- Submitted SAP Pilot Scheme funding proposals will be disclosed simultaneously with submission to the Board, subject to the redaction of any information which may not be disclosed pursuant to the GCF Information Disclosure Policy.
- For more information on how to develop Funding Proposals under the SAP please refer to the Simplified Approval Process (SAP) Funding proposal guidelines.

Please submit the completed form through the GCF Digital Proposal Submission Platform (DPS)[1]

LIST OF ACRONYMS	
AE	Accredited Entity
AF	Adaptation Fund
AMA	Accreditation Master Agreement
ARA	Adaptation results area
CIF	Climate Investment Funds
CN	Concept note
EDA	Enhanced Direct Access
EE	Executing Entity
ESIA	Environment and Social Impact Assessment
ESMF	Environment and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESS	Environmental Social Safeguard
FP	Funding Proposal
GEF	Global Environmental Facility
GHG	Greenhouse Gas
IDP	Information Disclosure Policy
IRMF	Integrated Results Management Framework
MIGA	Multilateral Investment Guarantee Agency
MOV	Means of verification
MRA	Mitigation results area
NAMAs	Nationally appropriate mitigation actions
NAPs	National adaptation plans
NDA	National Designated Authority
NDC	Nationally determined contributions
PPF	Project Preparation Facility
REDD+	Reducing emissions from deforestation and forest degradation
RFP	Request for Proposals
ToC	Theory of change
tCO2eq	tons of carbon dioxide equivalent

[1] See the DPS user guide for further information on how to access and submit proposals.

A. PROJECT/PROGRAMME SUMMARY

A.1. Has this FP been submitted as a SAP CN before?			Yes ☒ No ☐		
A.2. Is the Environmental and Social Safeguards Category C or I-3?			Yes ☒ No ☐		
A.3. Project or program	*Indicate whether this FP refers to a combination of several projects (program) or one project.* ☒ Project ☐ Program	**A.4. Public or private sector**	☒ Public sector ☐ Private sector	**A.5. RfP**	Not applicable

A.6. Result area(s)

Check the applicable GCF result area(s) that the overall proposed project/program targets. For each checked result area(s), indicate the estimated percentage of GCF and Co-financers' budget devoted to it. The total of the percentages when summed should be 100% for GCF and Co-financers' contribution respectively.

	GCF Contribution	Co-financers' contribution[2]
Mitigation total	15 %	5 %
☒ Energy generation and access	15 %	5 %
☐ Low emission transport	Enter number %	Enter number %
☐ Buildings, cities and industries and appliances	Enter number %	Enter number %
☐ Forestry and land use	Enter number %	Enter number %
Adaptation total	85 %	95 %
☒ Most vulnerable people and communities	48 %	73 %
☒ Health and well-being, and food and water security	Enter number 17%	12 %
☐ Infrastructure and built environment	Enter number %	Enter number %
☒ Ecosystem and ecosystem services	20 %	10 %

A.7.1. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)*	*6,459 tCO_2eq of avoided emissions during the project implementation period. 32,293 tCO_2eq of avoided emission during the lifetime of the project*	**A.7.2 Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	*Indicate total number of direct and indirect beneficiaries 556,000*	
			96,000 direct beneficiaries	*460,000 indirect beneficiaries*
			Indicate % of direct beneficiaries vis-à-vis total population 0.07%	*Indicate % of direct beneficiaries vis-à-vis total population 0.34%*
A.8.1. Total investment (GCF + co-finance[3])	Amount: 29,997,050.01 USD	**A.8.2 Total GCF funding requested** (max USD 25M)	Amount: 24,997,050.01 USD	

A.9. Type of financial instrument requested for the GCF funding	*Mark all that apply.* ☒ Grant ☐ Loan[4] ☐ Equity ☐ Guarantees ☐ Others:		
A.10. Implementation period (months)	*4 years (48 Months)*	**A.11. Total project/ program lifespan (years)**	*4 years (48 Months)*
A.12. Expected date of internal approval	*The date that the Accredited Entity obtained/will obtain its own approval to implement the project/ program, if available* *8/29/2025*	**A.13. Has Readiness or PPF support been used to prepare this FP?**	Yes ☐ No ☒
A.14. Is this FP included in the entity work program?	Yes ☒ No ☐	**A.15. Is this FP included in the country program?**	Yes ☒ No ☒
A.16. Executing Entity information	Government of Ethiopia represented by the Ministry of Water and Energy, the Ministry of Agriculture, and the Ministry of Irrigation and Lowland.		

A.17. Scalability and potential for transformation (max. 100 words)

1. The project scales a proven Adaptation Fund model that combined climate-resilient water access, watershed restoration, climate-smart agriculture, livelihood diversification and institutional capacity in the same seven woredas. It responds to unmet demand in adjacent vulnerable kebeles by optimizing tested approaches, filling gaps in Operations and Management (O&M), women-led livelihoods and local coordination, and replicating community-managed systems. GCF support will institutionalize climate-informed planning, solar-powered water and irrigation services, nature-based restoration and inclusive livelihoods, creating a scalable, low-risk, Category C-compatible resilience pathway. For full evidence, see supplementary information to SAP FP Sections A.17, B.2.1, and Annex 2a, annexed under “other annexes XX- other references” and Logframe and ToC under annexes XX-other references.

A.18. Project/Program rationale, objectives and approach (max. 300 words)

2. The project responds to Ethiopia’s intensifying climate vulnerability, particularly recurrent drought, erratic rainfall, heat stress, water scarcity, land degradation and climate-sensitive rural livelihoods in the selected kebeles. Observed and projected climate trends show increasing temperature, continued rainfall variability, more intense wet-season events, and persistent drought risk driven by rising evapotranspiration, especially in arid and semi-arid lowland areas. These risks directly affect rain-fed agriculture, livestock, potable water access, irrigation reliability and food security.
3. The project will remain consistent with the GCF SAP Category C requirement by focusing on low-risk, locally led and nature-based measures, including climate-informed planning, solar-powered retrofitting of existing water and irrigation systems, water-use efficiency, integrated watershed management, climate-smart agriculture and livelihood diversification. It builds on the Adaptation Fund experience and will extend support to 15 additional vulnerable kebeles, directly benefiting 96,000 people and indirectly benefiting 460,000 people, with attention to women, youth and other vulnerable groups.

[2] Co-financer’s contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e. GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.
[3] Refer to the Policy on Co-financing of the GCF.
[4] Senior loans and subordinated loans.

4. The approach is anchored in Ethiopia's National Framework for Climate Services by establishing woreda-level Climate Services Units, strengthening user-interface platforms, and translating seasonal forecasts, drought and flood alerts, and agro-advisories into practical community decisions. Implementation will be led by the Ministry of Finance through the CRGE Facility, with federal executing entities, regional bureaus, woreda finance offices and sector institutions supporting delivery, safeguards, gender and coordination.
5. The project's integrated theory of change applies the Sustainable Livelihoods Approach and the Water-Energy-Food nexus to strengthen natural, physical, human, social and financial capital. By linking climate information, water access, solar-powered productive systems, ecosystem restoration and inclusive livelihoods, the project addresses structural drivers of vulnerability and supports a sustainable, low-emission and climate-resilient pathway. See the annexed supplementary information to SAP FP Sections A.18, B.1 and B.2.1, Annex 2a Pre-Feasibility Assessment, Annex 2a Logical Framework, Theory of Change, Annex 12 ESAP and Annex 04 GAAP.

B. PROJECT/PROGRAM DETAILS

B.1. Context and baseline (max. 500 words)

6. Ethiopia is highly exposed to recurrent drought, erratic rainfall, floods and rising temperatures, while its largely agrarian economy and rural livelihoods remain heavily dependent on climate-sensitive rain-fed agriculture, livestock and natural resources. In the target woredas, observed climate trends include shorter growing periods, more frequent dry spells, delayed and variable Kiremt rains, declining reliability of Belg rains, increasing heat stress, degraded watersheds, water shortages and declining crop productivity. Women and children are disproportionately affected because of their roles in water collection, agricultural labour and household food security.
7. Forward-looking climate evidence confirms that these risks will intensify. IPCC AR6 and Ethiopia's National Framework for Climate Services indicate rising temperatures across East Africa, increased evapotranspiration, more frequent compound heat-drought events, greater intra-seasonal rainfall variability, reduced growing-season rainfall reliability in semi-arid areas, more intense short-duration rainfall events, higher runoff and erosion, and declining dry-season water availability. For the project woredas, these changes imply higher water demand, reduced soil moisture, increased pressure on groundwater and surface water systems, lower rain-fed productivity, greater livestock stress, and heightened food and water insecurity. The project design therefore links climate projections directly to technical design choices, as summarized below.

Table 1. Linkage of Projections to Project Design Parameters

Climate Projection	Project Design Response
Temperature increase of 1.5°C-2.6°C by 2050; increased evapotranspiration	Solar pump capacities for existing wells sized with a 25% technical buffer to ensure energy sufficiency for increased pumping hours during high-heat periods.
Reduced dry-season stream flows; groundwater recharge decline of 10–20% in the Rift Valley margin	Nature-based water retention under Activity 2.2.3 and groundwater management planning under Activity 1.2.3 to keep pumping rates within sustainable limits.
10–20% reduction in growing season rainfall reliability; longer intra-season dry spells	Water-efficiency kits, including gated pipes and localized drip components, prioritized across established schemes to maximize water productivity.
Increased frequency and severity of multi-year drought cycles in the Horn of Africa	Drought-tolerant native species used for biological restoration and agroforestry under Activities 3.1.4 and 3.2.6.
Rain-fed crop yield decline of 15-25% under 2°C for smallholder maize and sorghum	Livelihood diversification into low-water intensity enterprises, including apiculture and poultry, and solar-powered supplemental irrigation for existing farm plots.
Intensified short-duration rainfall events increasing surface runoff and erosion	Biological gully stabilization and vegetative filter strips under Output 3.1 to slow runoff and reduce soil loss.
More frequent compound heat-drought events and 20–60 additional extreme heat days per year	Climate information services under Activity 1.1.4 to support heat-drought early warnings, irrigation scheduling and livestock heat-stress management.

8. Without GCF support, the target kebeles would remain locked into a climate-vulnerable development pathway characterized by weak local planning systems, limited use of climate information, unreliable potable water access, low irrigation coverage, degraded watersheds, rain-fed production risks, diesel-dependent pumping where available, weak operation and maintenance capacity, and limited livelihood options for women, youth and other vulnerable groups. Fragmented sectoral planning would continue to constrain effective responses to drought, land degradation, water insecurity and livelihood shocks.
9. With GCF support, the project will shift the target areas toward an integrated, locally supported climate-resilient pathway. It will strengthen woreda and kebele planning, institutional capacity, grievance and accountability systems, and climate-informed decision-making. It will improve access to solar-powered potable water and small-scale irrigation through retrofitting and upgrading of existing systems, supported by O&M, water-user

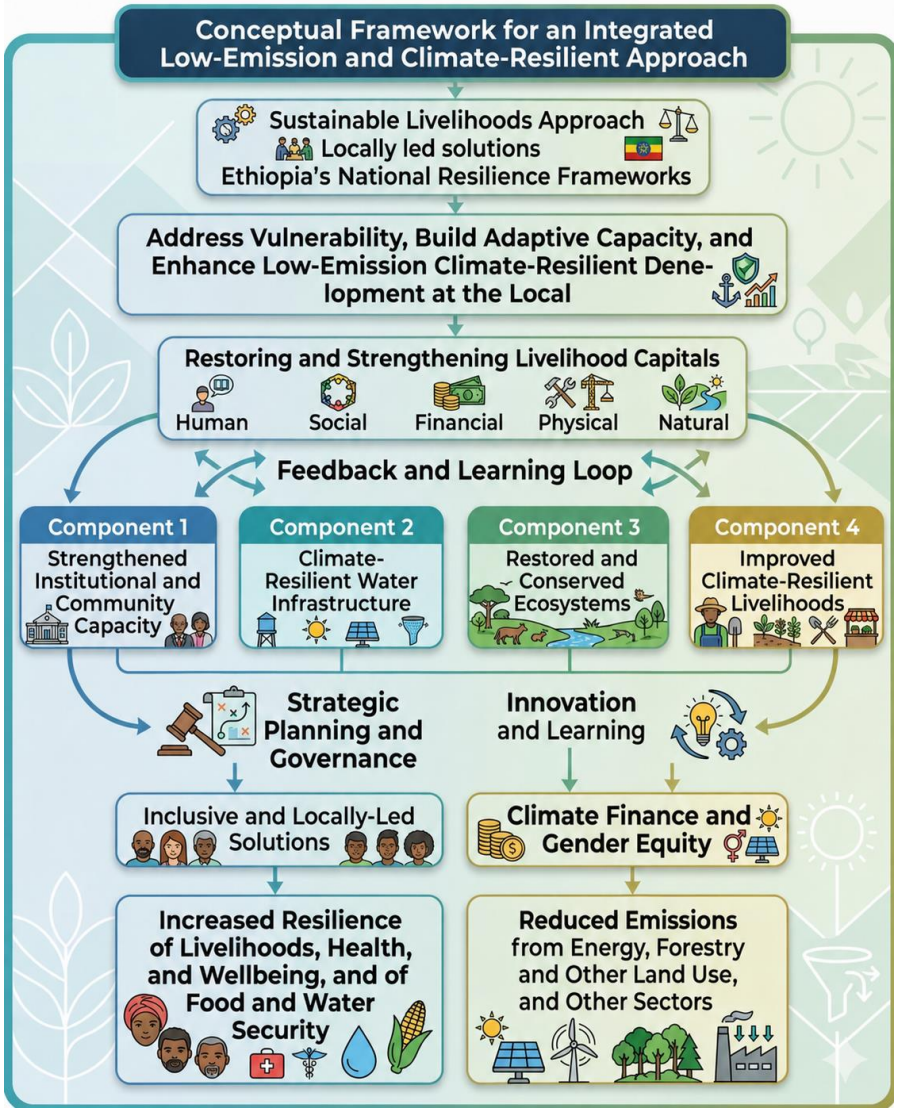
arrangements, water safety and spare-parts readiness. It will restore degraded watershed, rangeland, gully and communal areas through nature-based measures, while promoting climate-smart agriculture, land stewardship, soil and water retention, agroforestry, pasture management and native vegetation restoration. It will also support climate-resilient livelihood diversification, market information, enterprise support and productive inputs for women, youth, female-headed households and other vulnerable groups.

10. The project is designed to avoid maladaptation and maintain its Category C risk profile. It will not finance large-scale infrastructure, new major irrigation expansion, dams, major diversion works or significant hydrological alteration. Water and irrigation activities will remain within existing footprints and established systems, guided by screening, water-balance analysis, groundwater management, O&M monitoring and ESAP exclusion criteria. Further details are provided in the annexed supplementary information to SAP FP Sections B.1 and B.2.1, Annex 2a Pre-Feasibility Assessment, Annex 2a Logical Framework, Annex 12 ESAP, Annex 04 GAAP, Theory of Change and Annex 22.

B.2.1. Project/Program description (max. 1,000 words)

11. The project applies an integrated, climate-resilient and low-emission development approach grounded in the Sustainable Livelihoods Approach, Locally Led Solutions principles, Ethiopia's CRGE Strategy, the National Adaptation Plan, and the National Framework for Climate Services. It responds to climate-induced water scarcity, land degradation, low agricultural productivity and limited livelihood options in 15 vulnerable kebeles across seven woredas: Tenta, Wahil Cluster, Erer, Adama, Aleltu, Lok Abeya and Raya Azebo. The project builds on the Adaptation Fund-financed Climate Smart Integrated Rural Development Project implemented in adjacent kebeles within the same woredas, scaling proven approaches while addressing gaps in O&M, women's livelihoods, local planning, climate information and sustainability.
12. The project's conceptual framework is summarized in Figure 4. It shows how the Sustainable Livelihoods Approach, locally led solutions and Ethiopia's national resilience frameworks inform the project's integrated pathway for strengthening livelihood capitals, linking the four components, supporting strategic planning and learning, and delivering resilience and mitigation benefits.

Figure 4. Conceptual Framework for an Integrated Low-Emission and Climate-Resilient Approach



13. The project is structured around four mutually reinforcing components. Component 1 strengthens institutional and community capacity for climate resilience. It will build woreda and kebele capacity for climate-informed planning, safeguards, gender-responsive implementation, citizen engagement, grievance redress and stakeholder outreach. It will also support gender-sensitive tools, water-demand and groundwater assessments, kebele-level water-balance analysis, and integrated water-agriculture-land-ecosystem and livelihood

diversification plans. This component provides the governance and planning foundation for the technical and community-level investments under the other components.

14. Component 2 improves access to climate-resilient potable water and small-scale irrigation services through low-risk technical upgrading of existing systems. Potable water activities will focus on technical studies, solar-powered retrofitting of established water points, service optimization, water safety management, spare parts, and O&M training for women and men from water user structures. Irrigation activities will support technical design, solar-powered upgrading, water-use efficiency, nature-based soil-moisture measures, and maintenance/O&M support for established small-scale irrigation schemes. The project will replace existing diesel-dependent pumping with solar-powered systems, including 21 potable water systems and 150 surface pump systems for established irrigation schemes, while supporting approximately 630 ha of existing irrigated land. No new large-scale irrigation infrastructure, dams, major diversion works, new canals, new command-area expansion or significant hydrological alteration will be financed.
15. Component 3 enhances adaptive agriculture and land management through climate-smart agriculture and integrated watershed restoration. Farm-level activities will promote non-structural and nature-based practices such as vegetative strips, mulching, conservation tillage, biological stabilization, fodder development, agroforestry, windbreaks and biological gully treatment. Watershed activities will restore and protect degraded communal areas through pasture management, area closure, assisted natural regeneration, nursery management, afforestation/reforestation, live fencing, pasture and browse seed distribution, grazing management and native grass reseeding. These measures will improve soil moisture, reduce erosion, strengthen ecosystem services and support climate-resilient production landscapes.
16. Component 4 strengthens climate-resilient livelihoods and financial inclusion for women, youth, female-headed households and other vulnerable groups. It will support market and value chain analysis, access to market information, fruit and vegetable production, improved forage seed, poultry production, apiculture, resilient small ruminants, mobile veterinary support, awareness of livelihood options and updated local livelihood opportunity analysis. These interventions will help vulnerable households diversify income, reduce dependence on climate-sensitive coping strategies, improve market readiness and link restored ecosystems and improved water access to practical livelihood opportunities.
17. The project's Theory of Change is based on the assumption that strengthened local institutions, climate-informed planning, renewable-energy-based water services, ecosystem restoration, climate-smart agriculture and inclusive livelihoods will jointly reduce vulnerability and strengthen adaptive capacity. Component 1 provides the institutional and planning foundation; Component 2 delivers reliable water and productive water access through existing systems; Component 3 restores natural capital and climate-resilient production systems; and Component 4 builds household economic resilience. Together, these interventions create feedback loops between planning, implementation, monitoring, learning and adaptive management.
18. The expected outcomes are: improved capacity to manage recurrent drought and flood risks through adaptation planning and nature-based management of agro-ecological landscapes; reduced vulnerability to drought through solar-powered potable water and small-scale irrigation complemented by watershed management; increased resilience of farming systems through nature-based watershed restoration, land stewardship and climate-smart agriculture; and strengthened adaptive and economic resilience of women, youth and vulnerable groups through market-oriented livelihood diversification and enterprise support.
19. The project will remain within the GCF SAP Category C risk profile. Interventions are designed for settled rural communities and will be implemented on existing system footprints, farmers' own plots and degraded communal lands identified through screening and consultation. The project does not target pastoralist mobility systems, seasonal pastoralist corridors or new resource-use areas. All site-level activities will be screened against the ESAP eligibility criteria and exclusion list, and activities involving land acquisition, involuntary resettlement, economic displacement, significant civil works, major hydrological alteration, adverse biodiversity impacts or unresolved resource-use concerns will not be financed. Further details are provided in the annexed supplementary information to SAP FP Sections B.2.1 and B.2.2, Annex 2a Logical Framework, Annex 2a Pre-Feasibility Assessment, Annex 3 Budget, Annex 12 ESAP, Annex 04 GAAP, Annex 22 GHG Assessment, and the Theory of Change.

B.2.2. Outcome mapping to GCF results areas and co-benefits categorization

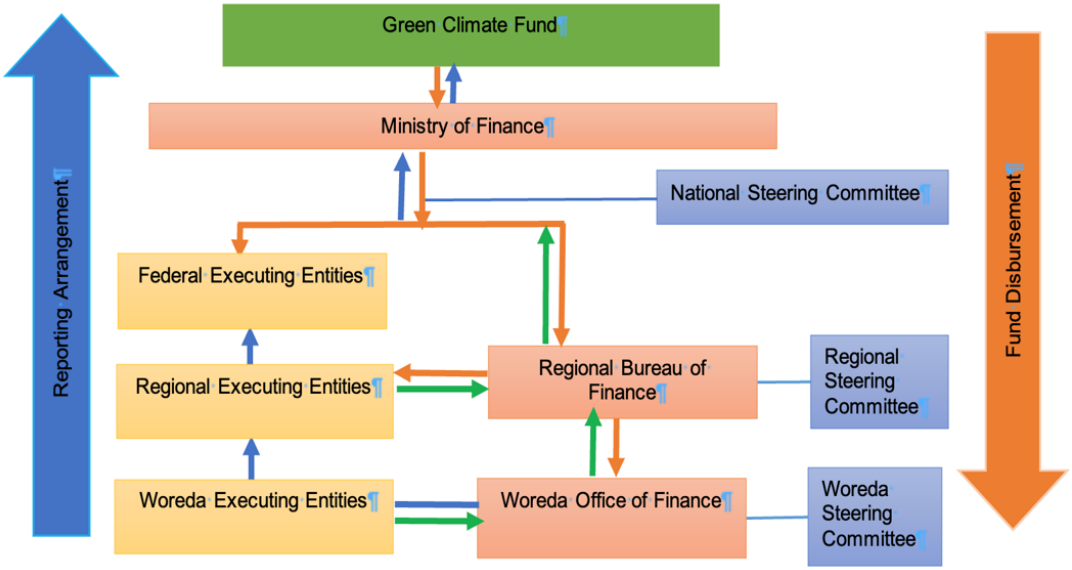
Outcome number	GCF Mitigation Results Area (MRA 1-4)				GCF Adaptation Results Area (ARA 1-4)			
	MRA 1 Energy generation and access	**MRA 2** Low-emission transport	**MRA 3** Building, cities, industries, appliances	**MRA 4** Forestry and land use	**ARA 1** Most vulnerable people and communities	**ARA 2** Health, well-being, food and water security	**ARA 3** Infrastructure and built environment	**ARA 4** Ecosystems and ecosystem services
Outcome 1	☐	☐	☐	☐	☒	☐	☐	☒
Outcome 2	☒	☐	☐	☐	☒	☒	☐	☐
Outcome 3	☐	☐	☐	☐	☐	☐	☐	☒
Outcome ...	☐	☐	☐	☐	☒	☒	☐	☐

Co-benefit number	Co-benefit					
	Environmental	**Social**	**Economic**	**Gender**	**Adaptation**	**Mitigation**
Co-benefit 1	☒	☐	☐	☐	☐	☐
Co-benefit 2	☐	☒	☐	☒	☐	☐

B.3. Implementation / institutional arrangements (max. 750 words)

20. The project will be implemented through Ethiopia's established federal, regional, woreda and kebele public-sector structures. The Ministry of Finance, acting through the CRGE Facility, will serve as the Accredited Entity and will retain overall responsibility for project oversight, fiduciary management, fund flow, reporting to the GCF, audit coordination, procurement oversight, and compliance with the Funded Activity Agreement and Accreditation Master Agreement. The federal Executing Entities are the Ministry of Water and Energy, the Ministry of Agriculture, and the Ministry of Irrigation and Lowlands, each responsible for implementation of activities within its sector mandate.
21. The relationship between MoF and each federal Executing Entity will be formalized through Subsidiary Agreements in the form of Memoranda of Understanding. These MoUs will define assigned activities, implementation responsibilities, fund-flow and reporting obligations, fiduciary and procurement requirements, safeguards and gender responsibilities, coordination arrangements, and conditions for execution. This approach follows the established institutional model used in previous MoF-led GCF projects, including FP058 and FP243. Where activities require coordination among more than one Executing Entity, implementation will be managed through approved annual workplans, budgets, steering committee decisions, technical coordination, and the relevant MoUs, rather than through separate contracts between public institutions.
22. At regional level, implementation will be coordinated through the Bureaus of Finance and Economic Development. BOFEDs will receive project funds from MoF in line with approved annual workplans and budgets and will channel resources to regional sector bureaus and Woreda Offices of Finance, as applicable. Regional Bureaus of Agriculture, Water and Energy, and Irrigation and Lowlands will provide technical implementation, supervision, reporting and coordination within their mandates. At woreda level, Woreda Offices of Finance will support financial administration, local procurement where applicable, and reporting, while Woreda Offices of Agriculture, Water and Irrigation will lead day-to-day implementation with kebele structures, facilitators, user groups and community institutions.
23. The fund flow and reporting arrangement is summarized in Figure 6. It shows the channeling of GCF proceeds from MoF/CRGE Facility to federal Executing Entities for federally managed activities, and through BOFEDs and WOFEDs for regional, woreda and kebele-level implementation, with financial reporting flowing back through the same structure in reverse.

Figure 6 Fund disbursement and Reporting Arrangement



24. The project governance structure will include a National Project Steering Committee, Regional Project Steering Committees and Woreda Project Steering Committees. The National Project Steering Committee, chaired by MoF/CRGE Facility and including the federal Executing Entities, NDA and relevant stakeholders, will provide strategic guidance, approve annual workplans and budgets, review implementation performance, and resolve

high-level coordination issues. Regional Steering Committees, chaired by BOFEDs, will coordinate regional implementation, consolidate woreda plans and reports, monitor safeguards and gender compliance, and address regional bottlenecks. Woreda Steering Committees will oversee local planning, beneficiary targeting, implementation scheduling, grievance follow-up, monitoring and community-level coordination. Smart Village Committees, Irrigation Water Users Associations, women's cooperatives and youth groups will participate at woreda level to provide community feedback and strengthen accountability.

25. Following receipt of GCF proceeds, MoF/CRGE Facility will transfer funds directly to federal Executing Entities for activities they directly manage. For regional, woreda and kebele-level activities, funds will flow from MoF to BOFEDs, then to Woreda Offices of Finance and relevant local implementation structures, following Ethiopia's public financial management system. Financial reporting will follow the reverse flow: woreda reports will be consolidated by BOFEDs and submitted to CRGE Facility, while federal Executing Entities will report directly to CRGE Facility for activities they manage. CRGE Facility will consolidate financial and technical reporting and submit annual reports and audit reports to the GCF.
26. Procured goods, works and services will be contracted through the responsible public institution identified in the approved procurement plan and annual workplan, using applicable Ethiopian public procurement procedures and GCF requirements. Contracts will include delivery obligations, technical specifications, payment conditions, inspection and acceptance procedures, safeguards, integrity, anti-fraud and anti-corruption provisions, and relevant O&M obligations.
27. Support to final beneficiaries will be delivered through publicly implemented activities, project-financed goods, inputs, infrastructure, training, technical assistance and community-based arrangements. The project does not envisage unrestricted onward transfer of GCF proceeds to beneficiaries. Beneficiary selection will be based on climate vulnerability, water stress, poverty, degraded land, livelihood vulnerability, gender and social inclusion, and relevance to the supported activity. Potable water, irrigation, watershed, CSA and livelihood activities will apply participatory targeting, consultation, ESAP screening, GRM access and gender-responsive implementation. Government co-financing of USD 5 million will be channelled through MoF's established block grant and public finance systems to support implementation, supervision and sustainability functions in the target regions and woredas. Further details are provided in the annexed supplementary information to SAP FP Section B.3, Annex 3 Budget, Annex 8 Procurement Plan, Annex 12 ESAP, Annex 04 GAAP and the project implementation arrangements annex.

C. FINANCING INFORMATION

C.1. Total financing

(a) Requested GCF funding (i + ii + iii + iv + v + vi)		Total Amount: Enter amount		Currency: Options	
GCF Financial Instrument		**Amount**	**Currency**	**Tenor & grace**	**Pricing**
(i)	Senior loans	Enter amount	Options	Enter years	Enter %
(ii)	Subordinated loans	Enter amount	Options	Enter years	Enter %
(iii)	Equity	Enter amount	Options		Enter % equity return
(iv)	Guarantees	Enter amount	Options	Enter years	
(v)	Reimbursable grants	Enter amount	Options		
(vi)	Grants	24.99705001	million USD ($)		
		Total amount		**Currency**	

(b) Co-financing information[5]	Enter amount			Options		
Name of institution	**Financial instrument**	**Amount**	**Currency**	**Tenor & Grace**	**Pricing**	**Seniority**
Ministry of Finance	Grant	5.00	million USD ($)	Enter years Enter	Enter %	Options

(c) Total investment (c) = (a)+(b)	Amount	Currency
	29.997050.01	million USD ($)

(d) Co-financing ratio (d) = (b)/(a)	1:5 (20%)
(e) Other financing arrangements for the project/program (max ½ page)	*Please explain if any of the financing parties including the AE would benefit from any type of guarantee e.g. sovereign guarantee, MIGA guarantee, etc.* *Information on legal due diligence (taxes, insurance, etc.) shall be reported in Annex 9a.* *Please also include parallel financing associated with this project or programme* (refer to the co-financing policy).

C.2. Financing by component

Component	Output	Indicative cost in USD Options	GCF financing		Co-financing		
			Amount (in USD)	Financial Instrument	Amount Options	Financial Instrument	Name of Institutions
Component 1: Capacity building and Knowledge Management	Output 1.1: Knowledge management	1,481,831.68	1,481,831.68	Grants	Enter amount	Choose an item.	Click here to enter text.
	Output 1.2: Updated Climate-smart agriculture and land–water–forest integration plans	707,801	707,801	Grants	Enter amount	Choose an item.	Click here to enter text.
Component 2: Water - Food security	Output 2.1: Potable water supply services strengthened in target areas	6,135,357.36	5,197,850.00	Grants	937,507.36	Grants	Ministry of Finance
	Output 2.2: Improved water access for irrigation and livestock use	13,639,996.73	11,764,950.00	Grants	1,875,014.73	Grants	Ministry of Finance
Component 3: Climate smart agriculture: Land -	Output 3.1: Climate-smart agriculture implemented	2,516,865.05	1,579,357.70	Grants	937,507.36	Grants	Ministry of Finance

[5] If the co-financing is provided in different currency other than the GCF requested, please provide detailed financing information and a converted figure in the GCF requested currency in the comment box. Please refer to the date when the currency conversion was performed and the reference source.

Water - Forest integration	at the farm level						
	Output 3.2: Degraded Watersheds Restored and protected through Integrated watershed management approach	2,767,527.24	1,830,019.82	Grants	937,507.42	In kind	Ministry of Agriculture
Component 4: Climate resilient livelihood diversification for Women and other Vulnerable groups	Output 4.1: Increased capacity of Women and other Vulnerable groups to participate in market-oriented enterprises	1,245,335.00	1,245,335.00	Grants		Choose an item.	Click here to enter text.
	PMC	1,502,820.39	1,190,357.26	Choose an item.	312,463.13	Choose an item.	Click here to enter text.
Indicative total cost (USD)		29,997,502.46	24,997,502.46		5,000,000.00		

C.3 Capacity Building and Technology development/transfer

C.3.1 Does GCF funding finance Capacity building activities?	Amount: USD 909,706.00
C.3.2. Does GCF funding finance Technology development/transfer?	Amount: USD 4,785,000.00

C.4. Justification for GCF funding request (max. 500 words)

28. Ethiopia is requesting a full grant of USD 25 million from the GCF to replicate and scale up integrated adaptation solutions that have been piloted successfully under the Adaptation Fund-financed "Climate Smart Integrated Rural Development Project." The proposed project is aligned with the strategic direction of GCF's Updated Strategic Plan 2024-2027 (USP2), particularly in advancing Priority Targets T1: Low-emission, climate-resilient development strategies (LTS), T3: Climate Information and Early Warning Systems (CIEWS), and T9: Adaptation and Locally Led Adaptation. The project supports the implementation of Ethiopia's Long-Term Strategy, NDC, and Climate Resilient Green Economy (CRGE) vision by expanding tested adaptation models and unlocking climate finance readiness at the local level.
29. Despite Ethiopia's demonstrated leadership in climate policy and ambition, there remains a significant financing gap of approximately USD 6 billion over the next 15 years to meet its climate resilience and adaptation goals. As a Least Developed Country (LDC) facing external debt distress, macroeconomic instability, and limited access to concessional finance, Ethiopia lacks the fiscal space to scale up transformational adaptation investments. These constraints are compounded by high inflation (20.8%), foreign currency shortages, and a reduction in Foreign Direct Investment (FDI) due to overlapping climate and geopolitical shocks. These macroeconomic challenges directly impact the country's ability to procure technologies (such as solar irrigation systems) and mobilize co-financing for climate-resilient infrastructure.
30. The project primarily delivers public goods with low or no direct revenue streams including community-based adaptation planning, early warning systems, potable water access, ecosystem restoration, and capacity development. These interventions, while essential to climate resilience, do not generate financial returns that would enable debt servicing or attract private investment. Imposing loan obligations on already resource-constrained local governments and vulnerable communities would be financially unsustainable and socially inequitable.
31. Moreover, Ethiopia is currently under high risk of external debt distress, as recognized by international financial institutions. Introducing additional debt, even concessional, would jeopardize macroeconomic stability and compete with basic service delivery. The grant modality ensures that climate investments proceed without

diverting fiscal space from education, health, and food security, while also avoiding repayment risks that could deter public institutions from engaging in long-term adaptation programming. The GCF is uniquely positioned to support this intervention for several reasons:

- **Mandate for Climate Adaptation in LDCs**: GCF's strategic priority to support adaptation in vulnerable countries, particularly under USP2 targets such as T1:LTS (low-emission and climate-resilient development), T3:CIEWS (climate information and early warning systems), and T9:Adaptation & Locally-led adaptation, aligns directly with this proposal. No other climate finance institution offers comparable scope and concessionality tailored to LDC adaptation needs.
- **Scale and Flexibility:** The proposed USD 25 million grant is not available through bilateral or multilateral channels at this level for a single adaptation project in Ethiopia. Many bilateral donors have shifted their focus to humanitarian assistance or broader development goals. Similarly, MDBs tend to prioritize infrastructure loans and require higher counterpart financing or cost recovery, which this project cannot ensure given its target beneficiaries.
- **De-risking and Enabling Role**: GCF's grant will de-risk future investment by strengthening enabling systems-planning, governance, institutions, and local capacities. These foundational investments are often overlooked by other donors but are essential for scaling climate finance. By absorbing early-stage risks, GCF support opens opportunities for downstream engagement by private actors and development banks, especially in replicating solar-powered irrigation and ecosystem-based enterprises.
- **Government Co-Financing Already Maximized:** The Government of Ethiopia has committed USD 5 million in co-financing (20% of total cost), primarily through in-kind contributions and integration with regional plans. Given fiscal constraints, domestic budget allocations to new adaptation programs remain limited. GCF support complements rather than substitutes government funding, while reinforcing national ownership and alignment with the Climate Resilient Green Economy (CRGE) strategy and Ten-Year Development Plan.
- **Private Sector Involvement is Limited:** The project targets underserved, high-risk areas where private sector engagement is minimal due to low purchasing power, weak market infrastructure, and uncertain returns. While the project promotes financial inclusion and green enterprise development, these models require early-stage de-risking and ecosystem support before private capital can be realistically mobilized. GCF's patient, catalytic finance is ideal for laying this groundwork.

32. Due to the above stated reasons, the requested GCF grant represents the most appropriate, effective, and equitable financial instrument to deliver the project's objectives. It addresses a clear financing gap that no other donor, financial instrument, or domestic source can feasibly fill at the required scale and concessionality. The grant will enable Ethiopia to advance its NDC targets, implement a locally-led and gender-responsive resilience program, and unlock pathways for future climate finance, including from the private sector and MDBs, once enabling systems are in place.

C.5. Exit strategy (max. 300 words)

33. The project's exit strategy is designed to ensure institutional, financial, and technical sustainability beyond the four-year implementation period by fully embedding interventions within existing government systems and community governance structures. From inception, the project is implemented through federal, regional, and woreda institutions, ensuring ownership and continuity under the CRGE Strategy, National Adaptation Plan, and Ten-Year Development Plan. Upon completion, line ministries and regional bureaus will absorb operational responsibilities, including staff costs and technical oversight, within their regular mandates and budgets.
34. Long-term sustainability of infrastructure investments will be secured through legally recognized Irrigation Water Users Associations (IWUAs) and local water management committees. In line with Proclamation No. 841/2014, irrigation schemes will be formally handed over to IWUAs, which will operate and maintain systems through structured and transparent tariff collection. Water tariffs will be collected both from irrigation users and potable water beneficiaries under an equitable fee framework reflecting operation and maintenance (O&M) costs and users' payment capacity. These revenues will finance routine maintenance, minor repairs, and system management, ensuring continued functionality of solar-powered pumps, irrigation networks, and rural water supply systems.
35. To sustain livelihood outcomes, a revolving grant approach will be introduced for selected income-generating activities. Initial start-up capital provided to beneficiary groups, particularly women and youth, will be partially repaid into community-managed revolving funds, enabling subsequent beneficiaries to access financing. This mechanism strengthens financial discipline, promotes ownership, and ensures continued expansion of climate-resilient enterprises beyond the project period.

36. Capacity sustainability will be reinforced through structured collaboration with TVETs and relevant academic institutions, which will integrate climate-resilient water management, renewable energy maintenance, and green enterprise development into their curricula. These institutions will provide ongoing technical backstopping, certification, and skills upgrading.
    Through institutional mainstreaming, community-managed financing mechanisms, tariff-based O&M systems, revolving livelihood funds, and embedded technical capacity, the project ensures that benefits, systems, and transformative impacts are sustained well beyond GCF financing.

C.6. Financial management/procurement (max. 300 words)

37. The financial management and procurement for this project will adhere to the public finance management and procurement regulations of the Ethiopian government. GCF project finance will flow through the MOF's CRGE Facility, following the Channel One fund flow arrangement. A dedicated account for the ongoing GCF project has been established within the CRGE Facility at MOF, where GCF funds will be deposited. Following this, the Facility will transfer the required amounts to Federal Executing Entities for project implementation. For regional executing entities (sector bureaus), funds will be regularly transferred to the respective BOFEDs.
38. Project finance will comply with financial regulations and management standards, including auditing by an independent auditor as per the Auditor General requirements of the Government of Ethiopia. The Office of the Federal Auditor General (OFAG) will adopt international standards on auditing and financial reporting, ensuring transparency.
39. Disbursements to executing entities will align with approved quarterly Work Plans, with subsequent disbursements contingent on satisfactory settlement (not less than 75%) of previous advances. The CRGE Facility Finance Officer will verify this before initiating disbursement processing and submitting a letter of transfer request to the National Bank of Ethiopia, where funds disbursed will undergo periodic monitoring through an internal control framework.
40. In terms of procurement management, Executing Entities will prepare detailed annual Project Procurement Plans. For Engineering, Procurement, and Construction (EPC) contracts, international tendering procedures will be followed, ensuring compliance with technical standards and cost-effectiveness. The procurement directive outlines a standardized international and national bidding procedure, emphasizing uniform and competitive processes based on price, quality, delivery time, and procurement feasibility. The directive allows flexibility, including the potential inclusion of short-term operations and maintenance in EPC contracts. The ministry retains the right to terminate EPC tenders if proposals do not meet minimum technical requirements or fail to provide intended value-for-money.

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

D.1. Impact potential (max. 300 words)

41. The proposed project aligns with GCF's strategic objectives and result areas, delivering significant contributions across mitigation and adaptation priorities:
42. **Enhanced Resilience of Livelihoods**: By integrating climate-smart agriculture, diversifying income opportunities, and prioritizing equitable participation, especially for women, the project strengthens rural households' capacity to adapt to climate shocks. These interventions support GCF's aim to build resilience among vulnerable populations and align with SDG 2 by improving agricultural productivity and ensuring food security for over 2,500 households.
43. **Strengthened Ecosystem Resilience**: The project's focus on restoring 4,500 hectares of degraded landscapes and implementing sustainable watershed management enhances ecosystem services, biodiversity, and natural climate resilience. These actions contribute to SDG 15 (life on land) and reduce greenhouse gas emissions, addressing GCF's priorities for ecosystem-based adaptation.
44. **Improved Access to Sustainable Water Systems**: Investments in solar-powered water infrastructure directly address water scarcity and energy sustainability, providing clean drinking water (SDG 6) and leveraging renewable energy technologies (SDG 7). These efforts contribute to low-carbon development and align with GCF's goals for integrated water and energy solutions.
45. **Mitigation through Climate-Resilient Practices**: The introduction of integrated water management systems powered by renewable energy benefits 18,000 households and supports SDG 13 (climate action). These practices ensure a transition to low-emission development while delivering both economic and environmental benefits.
46. **Adaptation through Livelihood Diversification and Job Creation**: By generating over 20,000 jobs and establishing alternative income streams, the project strengthens economic resilience and empowers

vulnerable populations, including 2,000 women-headed households. This approach enhances food security, reduces poverty, and builds community resilience, directly addressing SDG 2 and GCF's adaptation priorities.

D.2. Paradigm shift potential (max. 300 words)

47. The proposed initiative goes beyond singular project investments, aiming to instigate broader climate-smart integrated rural development at the local, national, and regional levels. The theory of change underpinning this initiative envisions a shift in the development pathway towards greater climate resilience and lower emissions. The result-chain encompasses various activities, outputs, and outcomes, ultimately contributing to the overarching goal of creating an environment conducive to sustained climate action and plans.
48. The project seeks to integrate climate-smart approaches into local, national, and regional planning for water, agriculture, forestry, and other land uses. This integration serves as a catalyst for further climate actions beyond the scope of GCF-funded activities. Moreover, the project emphasizes the promotion of alternative income sources, particularly involving women, girls, and youth in land management practices aligned with local development and tenure norms. This approach is anticipated to initiate a social change initiative within the targeted areas, encouraging climate-responsive planning and decision-making in the integrated water, agriculture, and forest sectors.
49. A key aspect of the project's paradigm shift potential lies in its capacity to demonstrate successful climate investments across multiple kebeles. This success is expected to drive social change and influence woreda-level governments and sector agencies, fostering climate-responsive planning in the long term. The project aims to empower regions and woreda-level governments with knowledge to develop comprehensive investment strategies that seamlessly integrate adaptation and mitigation considerations.
50. While replicability hinges on finance mobilization for implementing investments, the project recognizes existing fiscal constraints, including fragility and high indebtedness, limiting the fiscal space available for further investment. Nevertheless, the initiative's focus on knowledge transfer, learning, and capacity building contributes to the creation of an enabling environment for sustainable climate-resilient development pathways, aligning with national climate change adaptation strategies and plans.

D.3. Sustainable development (max. 300 words)

51. The proposed project delivers significant social, environmental, and economic benefits, aligning with GCF's sustainable development objectives and multiple Sustainable Development Goals (SDGs). It addresses pressing needs in climate resilience, health, and risk management while incorporating gender-sensitive and inclusive approaches to ensure long-term sustainability.
52. Aligned with **SDG 6** (water availability and sustainable management), the project will improve access to safe water for approximately 96,000 individuals, with a particular focus on women, girls, and youth. By enhancing water security, it reduces the burden of water collection on women and girls, freeing them to pursue education and workforce participation. This intervention fosters economic empowerment and strengthens the social fabric of communities by improving health and reducing time poverty, thereby enhancing overall community resilience.
53. In support of **SDG 15** (life on land) and **SDG 13** (climate action), the project emphasizes the restoration of degraded rangeland and pastureland, contributing to carbon storage, biodiversity conservation, and climate stabilization. These nature-based solutions address climate-induced hazards such as floods, droughts, erosion, and landslides, mitigating the impacts of extreme climate events. By integrating ecosystem restoration into local practices, the project enhances environmental resilience and delivers long-term benefits to both ecosystems and local livelihoods.
54. A pivotal component of the project is the creation of over **20,000 direct and indirect green jobs**, aligned with the GCF's focus on economic co-benefits. These employment opportunities, tied to land restoration and sustainable practices, bolster adaptive capacities and provide communities with new income streams. This dual approach not only addresses economic vulnerabilities but also contributes to adaptive strategies in the face of climate uncertainty.
55. The project incorporates a **gender-sensitive framework** that ensures equitable access to and management of natural resources such as forests, trees, and water catchments. By empowering women and marginalized groups to diversify their income sources, the project fosters gender equity and fair benefit distribution, aligning with the GCF's Gender Policy and SDGs 5 (gender equality) and 10 (reduced inequalities). This inclusive approach promotes long-term sustainability by embedding social equity into environmental and economic initiatives.
56. With regards to Environmental and Social Safeguard requirements the project has developed the following exclusion list of ineligible (excluded) activities under the proposed project:

a) Activities requiring construction/civil works,
b) Activities that involve land acquisition,

c) Activities that have economic or social implication on the land of communities, particularly if due process has not been conducted and if Free and Prior Informed Consent (FPIC) is not obtained,
d) Activities that are on land that is traditionally owned or used by rural communities
e) Activities that have impact on watercourses, and surface water and/or groundwater resources,
f) Activities that convert or degrade "habitat",
g) Activities that have impact on biodiversity,
h) Activities that 'pollute' and generate solid waste,
i) Activities that alter or damage cultural heritage

Overall, activities are only eligible if they have minimal or no adverse environmental and social impacts.

57. The Ministry of Finance Safeguards officer will be responsible to screen that all activities undertaken in the context of this project do not include ineligible activities. Moreover, subcontractors and other partnering entities will signs binding documents that explicitly confirm that they will not undertake activities in the exclusion list of ineligible activities.

D.4. Needs of recipient (max. 300 words)

58. Ethiopia grapples with a complex set of challenges, making it one of the most climate-vulnerable countries globally. These challenges - climate fragility, extreme weather events, high indebtedness, and constrained financial resources-significantly hinder the nation's ability to implement critical climate adaptation, infrastructure development, and poverty alleviation measures. The proposed project seeks to address these pressing needs and catalyse transformative change, directly aligning with the GCF's focus on supporting vulnerable countries in their climate resilience journey.
59. Ethiopia's heightened exposure to climate risks, including frequent and severe droughts and floods, exacerbates its socioeconomic vulnerabilities. These climate extremes disrupt agricultural productivity, degrade water resources, and weaken community resilience, highlighting the urgent need for adaptation measures. Compounding these challenges is Ethiopia's financial constraint, underpinned by a low tax-to-GDP ratio (averaging just 10% from 2017 to 2020) and limited capacity to mobilize domestic resources for climate adaptation. The country's substantial public debt, equating to approximately 52% of GDP as of December 2022-with over half being external debt-further restricts fiscal space for critical investments in sustainable development.
60. In this context, GCF support is not just a financial necessity but a strategic imperative. By addressing Ethiopia's financial constraints and institutional capacity gaps, the proposed project will enable the country to implement climate-resilient initiatives that mitigate the impacts of climate risks on vulnerable communities. These interventions are vital to breaking the cycle of climate vulnerability and economic fragility, providing Ethiopia with the tools and resources needed to safeguard livelihoods and ecosystems.
61. The project also aligns with GCF's mandate to foster low-emission, climate-resilient development pathways. By providing targeted financing, the GCF can help Ethiopia overcome its fiscal limitations and invest in transformative climate actions, such as sustainable water management, ecosystem restoration, and renewable energy solutions. These interventions are designed to strengthen Ethiopia's adaptive capacity while addressing systemic barriers to resilience.
62. Moreover, the project promotes long-term institutional strengthening, empowering Ethiopia to integrate climate adaptation and mitigation into its development plans. This comprehensive approach ensures that the benefits of GCF support extend beyond immediate project outcomes, creating an enabling environment for sustainable development and climate resilience.

D.5. Country ownership (max. 500 words)

63. The proposed project is intricately woven into Ethiopia's overarching climate and development policy framework, strategically aligning with key national priorities. Rooted in the Ethiopian National Adaptation Plan (2019), the project seeks to amplify ongoing climate change mitigation and adaptation efforts within the country. It operates synergistically with Ethiopia's Long Term Low Emissions Development strategy (2023), the Climate Resilient Green Economy (CRGE) strategy (2011), and the Ten-Year Development Plan (2020). By incorporating sectoral climate resilience strategies and regional/municipal adaptation plans, the project ensures a comprehensive and integrated response to climate challenges.
64. Central to its design is the alignment with Ethiopia's Nationally Determined Contributions (NDC), reflecting the country's commitment to global climate action. The project's resonance with national climate strategies and sectoral policies underscores its significance in addressing Ethiopia's specific climate-related vulnerabilities and aspirations for sustainable development.
65. A key hallmark of the project is its unwavering commitment to country ownership, a principle championed by the Green Climate Fund (GCF). The project actively engages with Ethiopia's National Designated Authority

(NDA), involving them in the funding proposal design and obtaining their no-objection letter(s). This collaboration ensures that the project is firmly rooted in Ethiopia's climate and development priorities, gaining the explicit endorsement of the national authority responsible for climate finance.

66. The Accredited Entity (AE) and Executing Entity (EE) at the helm of project implementation boast a robust track record implementing GCF, Adaptation Fund and similar climate financing entities initiatives. Their extensive experience in similar activities positions them as capable stewards of the project. This experience encompasses successful management of projects with comparable funding costs, demonstrating their expertise in navigating the complexities of climate-related initiatives.
67. Crucially, the project selection process was meticulously executed, incorporating broad-based stakeholder consultations. These consultations, which included a diversity of perspectives and considered gender and Environmental and Social Safeguards (ESS), played a pivotal role in shaping the project. The NDA's approval process, culminating in the issuance of a no-objection letter, signifies a rigorous evaluation and endorsement of the project by the national authority.
68. Furthermore, the project demonstrates a forward-looking commitment to ongoing multi-stakeholder engagement. The envisaged consultations and engagement plan reflect a dedication to inclusivity, ensuring that diverse stakeholder views continue to inform and enrich project development. This sustained dialogue aligns seamlessly with the principles of country ownership outlined by the GCF, fostering a sense of shared responsibility and collaboration in the pursuit of climate resilience and sustainable development in Ethiopia.

D.6. Efficiency and effectiveness

69. The proposed project demonstrates a high level of efficiency and effectiveness by integrating low-emission and climate-resilient interventions within a holistic, locally led solution framework. It delivers a strong value-for-money proposition by targeting highly vulnerable communities with tailored investments in institutional capacity, climate-resilient infrastructure, sustainable livelihoods, and ecosystem restoration. The financial structure, comprising USD 25 million GCF grant and USD 5 million in government co-financing-ensures the delivery of public goods and de-risking of transformative adaptation investments that cannot be financed through commercial means. Mitigation benefits are achieved through renewable energy-powered systems and land-based emission reductions. The project also applies best-available technologies and inclusive implementation models to maximize adaptation impact per dollar spent, positioning Ethiopia for scalable and replicable climate finance. The combination of economic viability, catalytic potential, and institutional sustainability ensures that GCF funding achieves maximum leverage and long-term resilience outcomes.

D.6.1. Estimated cost per t CO2 eq, defined as total investment cost / expected lifetime emission reductions (Mitigation and Cross-cutting)

70. While the project's primary objective is climate adaptation, it is designed to generate meaningful mitigation benefits through activities such as solar-powered irrigation and water systems, agroforestry, reforestation, and other ecosystem-based adaptation practices. According to the estimates presented in Annex 22 and Section A.7.1 of the proposal, the project is expected to result in cumulative greenhouse gas (GHG) emission reductions of approximately 32,293 tCO_2eq over its 20-year lifetime.
71. Given the project's primary focus on adaptation, 15% of the total project financing and 15% of the requested GCF amount have been attributed to the project's mitigation benefits for the purpose of estimating the cost per tonne of CO_2 equivalent reduced. On this basis, the mitigation-attributable share of the total project financing is approximately USD 4.50 million, resulting in an estimated total project cost of USD 139.34 per tCO_2eq. The mitigation-attributable share of the requested GCF amount is approximately USD 3.75 million, resulting in an estimated GCF cost of USD 116.11 per tCO_2eq.
72. These estimates reflect the adaptation-focused nature of the project, under which mitigation outcomes are important additional benefits rather than the primary project deliverables. The mitigation benefits remain significant in the context of Ethiopia's Nationally Determined Contributions (NDCs), particularly because of the project's focus on renewable energy, ecosystem restoration, agroforestry, reforestation, and sustainable land-use management practices. These measures contribute to reduced emissions, enhanced carbon sequestration, ecosystem regeneration, and long-term environmental sustainability.

Item	Amount
(a) Total project financing	USD 29,997,052.01
(b) Requested GCF amount	USD 24,997,052.01
(c) Expected lifetime emission reductions	32,293 tCO_2eq

Mitigation-attributable share of total project financing (15% of a)	USD 4,499,557.80
Mitigation-attributable share of requested GCF amount (15% of b)	USD 3,749,557.80
(d) Estimated cost per tCO_2eq (d = 15% × a / c)	USD 139.34/tCO_2eq
(e) Estimated GCF cost per tCO_2eq (e = 15% × b / c)	USD 116.11/tCO_2eq

D.6.2. Expected volume of finance to be leveraged by the proposed project/program and as a result of the Fund's financing, disaggregated by public and private sources (Mitigation and Cross-cutting)

73. The proposed project seeks a total of USD 25 million in GCF grant financing to deliver transformative adaptation and mitigation benefits in highly vulnerable rural regions of Ethiopia. The project is complemented by an estimated USD 5 million in co-financing from the Government of Ethiopia, as outlined in Section C.2 and Annex 3. This co-financing will be delivered through a combination of direct public investments, in-kind contributions, and operational support provided by federal, regional, and woreda-level institutions. The government's co-financing is expected to cover costs related to:
    - Personnel and administrative support from sector bureaus and woreda offices.
    - Contributions to infrastructure development (e.g., land, logistics, supervision).
    - Institutional support for training centers, extension services, and technical coordination.
    - Maintenance and operational support for climate-resilient assets established under the project.
74. This public co-financing reflects a strong national commitment to locally-led solutions, institutional strengthening, and long-term sustainability of climate-resilient infrastructure and ecosystem services. It also reinforces national ownership and alignment with Ethiopia's NDC2.0, the Climate-Resilient Green Economy (CRGE) Strategy and the National Adaptation Plan (NAP). While the project does not include direct private sector financing during the implementation period, given its focus on foundational adaptation systems and public goods, it is structured to catalyze downstream private and community-level investments. This is achieved by:
    - Enhancing access to climate-resilient water and energy systems that reduce investment risks.
    - Building capacity among cooperatives, women's groups, and youth enterprises to engage in climate-smart value chains.
    - Strengthening woreda-level institutions to prepare and manage adaptation finance pipelines in the future.
75. In this way, the GCF investment serves as a first-mover catalyst enabling policy, institutional, and infrastructure conditions that will unlock further public and private resources over time, especially in the areas of green livelihoods, decentralized energy, and ecosystem-based enterprises. The project will leverage USD 5 million in confirmed government co-financing, with potential for future mobilization of private finance through improved investment readiness and institutional capacity built during implementation.

(f) Total finance leveraged	USD 5,000,000
(g) Public source finance leveraged	USD 5,000,000
(h) Private source finance leveraged	USD 0
(i) Total Leverage ratio (i = f / b)	0.20
(j) Public source leverage ratio (j = g / b)	0.20
(k) Private source leverage ratio (k = h / b)	0

D.6.3. Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objective(s), including addressing existing bottlenecks and/or barriers; providing the minimum concessionally; and without crowding out private and other public investment. (max. 500 words)

76. The proposed financial structure, comprising a USD 25 million grant from the Green Climate Fund and USD 5 million in co-financing from the Government of Ethiopia, is both adequate and appropriate to achieve the project's objectives of building climate resilience among highly vulnerable rural communities in Ethiopia. The blended structure ensures the delivery of essential public goods such as decentralized climate-resilient water infrastructure, ecosystem-based adaptation, and inclusive livelihood systems, which are not viable under market-based or debt-financing models due to their low revenue-generating potential and high up-front capital costs.
77. The USD 5 million government co-financing, reflected in Section C and Annex 3, demonstrates strong country ownership and political commitment. It covers staff costs, logistical support, office facilities, and other public

sector operational contributions. This co-financing ensures that the GCF grant is used efficiently and directed toward catalytic interventions such as infrastructure construction, technology deployment, and livelihood support, particularly for women and marginalized groups. It also lays the foundation for long-term institutional sustainability and mainstreaming of climate resilience into public planning systems.

78. The full grant-based support from GCF is justified by the incremental costs and high climate risk profile associated with the proposed interventions. Rural communities in the project target areas face multiple financial and non-financial barriers, including inadequate access to credit, weak infrastructure, low technical capacity, and exclusion from commercial financial services. These conditions preclude the use of loans or equity instruments and warrant grant financing to de-risk investments in public goods and to crowd-in future adaptation finance readiness.
79. The financial structure reflects the principle of minimum concessionally. GCF resources are targeted to finance activities that would not otherwise occur under normal market conditions, particularly under Components 1-3 (governance capacity, climate-resilient infrastructure, and ecosystem restoration). The project does not crowd out commercial or public financing; instead, it addresses a clear financing gap, enabling climate-vulnerable households and institutions to initiate adaptation actions that can later be scaled or replicated with other sources of finance.
80. The primary beneficiaries of concessionally are smallholder farmers, women-headed households, and community-based institutions groups that are structurally excluded from mainstream finance. The project bridges this exclusion by delivering capacity, infrastructure, and climate-smart services, while building institutional systems that can absorb and manage additional finance in the future. The financial structure strikes the right balance between GCF grant support and domestic co-financing, ensures effective and efficient use of resources, supports national climate strategies, and enables transformational change in Ethiopia's climate resilience landscape.

D.6.3. Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objective(s), including addressing existing bottlenecks and/or barriers; providing the minimum concessionality; and without crowding out private and other public investment. (max. 500 words)

81. The proposed financial structure, comprising a USD 25 million grant from the Green Climate Fund and USD 5 million in co-financing from the Government of Ethiopia, is both adequate and appropriate to achieve the project's objectives of building climate resilience among highly vulnerable rural communities in Ethiopia. The blended structure ensures the delivery of essential public goods such as decentralized climate-resilient water infrastructure, ecosystem-based adaptation, and inclusive livelihood systems, which are not viable under market-based or debt-financing models due to their low revenue-generating potential and high up-front capital costs. The USD 5 million government co-financing, reflected in Section C and Annex 3, demonstrates strong country ownership and political commitment. It covers staff costs, logistical support, office facilities, and other public sector operational contributions. This co-financing ensures that the GCF grant is used efficiently and directed toward catalytic interventions such as infrastructure construction, technology deployment, and livelihood support, particularly for women and marginalized groups. It also lays the foundation for long-term institutional sustainability and mainstreaming of climate resilience into public planning systems.
82. The full grant-based support from GCF is justified by the incremental costs and high climate risk profile associated with the proposed interventions. Rural communities in the project target areas face multiple financial and non-financial barriers including inadequate access to credit, weak infrastructure, low technical capacity, and exclusion from commercial financial services. These conditions preclude the use of loans or equity instruments and warrant grant financing to de-risk investments in public goods and to crowd-in future adaptation finance readiness. The financial structure reflects the principle of minimum concessionally. GCF resources are targeted to finance activities that would not otherwise occur under normal market conditions, particularly under Components 1-3 (governance capacity, climate-resilient infrastructure, and ecosystem restoration). The project does not crowd out commercial or public financing; instead, it addresses a clear financing gap, enabling climate-vulnerable households and institutions to initiate adaptation actions that can later be scaled or replicated with other sources of finance.
83. The primary beneficiaries of concessionally are smallholder farmers, women-headed households, and community-based institutions groups that are structurally excluded from mainstream finance. The project bridges this exclusion by delivering capacity, infrastructure, and climate-smart services, while building institutional systems that can absorb and manage additional finance in the future. In sum, the financial structure strikes the right balance between GCF grant support and domestic co-financing, ensures effective and efficient use of resources, supports national climate strategies, and enables transformational change in Ethiopia's climate resilience landscape.

E. ANNEXES

E.1. Mandatory annexes

☒	Annex 1	NDA No-objection Letter(s) (Template)
☒	Annex 2	Pre-feasibility (or feasibility) study (Guidance)
☒	Annex 2a	Logical Framework (Template)
☒	Annex 2b	Timetable (Template)
☒	Annex 3	Budget plan that provides breakdown by type of expense including AE fees (Template)
☒	Annex 4	Gender assessment and action plan (Template)
☒	Annex 5	Co-financing commitment letter if applicable (Template)
☒	Annex 6	Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule
☒	Annex 7	Risk assessment and management (Template)
☒	Annex 8	Procurement plan model (Template)
☒	Annex 9a	Legal Due Diligence (regulation, taxation and insurance) (Template)
☒	Annex 9b	Legal Opinion/Certificate of Internal Approvals (Template)

E.2. Other annexes to be submitted when applicable/requested

☐	Annex 10	Economic and/or financial analysis (Guidance) (mandatory for private-sector proposals)
☐	Annex 11	Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
☒	Annex 12	Environmental and Social Action Plan (ESAP) (Template)
☐	Annex 13	Operations manual for EDA projects (guidance)
☒	Annex 14	Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects)[6]
☐	Annex xx	Other references Theory of Change Diagram Supplementary Information to the SAP FP

***** Please note that a funding proposal will be considered complete**

only upon receipt of all the applicable supporting documents. ***

[6]Guidance on GHG emission reduction calculations for GCF projects/programmes is available on the GCF Programming Guidance (https://www.greenclimate.fund/sites/default/files/document/gcf-programming-manual.pdf), Box 12 “How to estimate greenhouse gas emission reductions for GCF”. This annex is mandatory for Mitigation and Cross-cutting projects