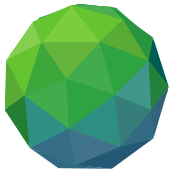


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How to develop GCF Concept Notes and Funding Proposals

Drazen Kucan
Senior Urban & Energy Efficiency Specialist

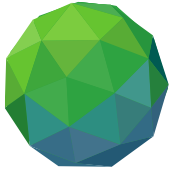
GCF Regional Workshop for Eastern Europe and Central Asia
31 May – 2 June 2017 | Tbilisi



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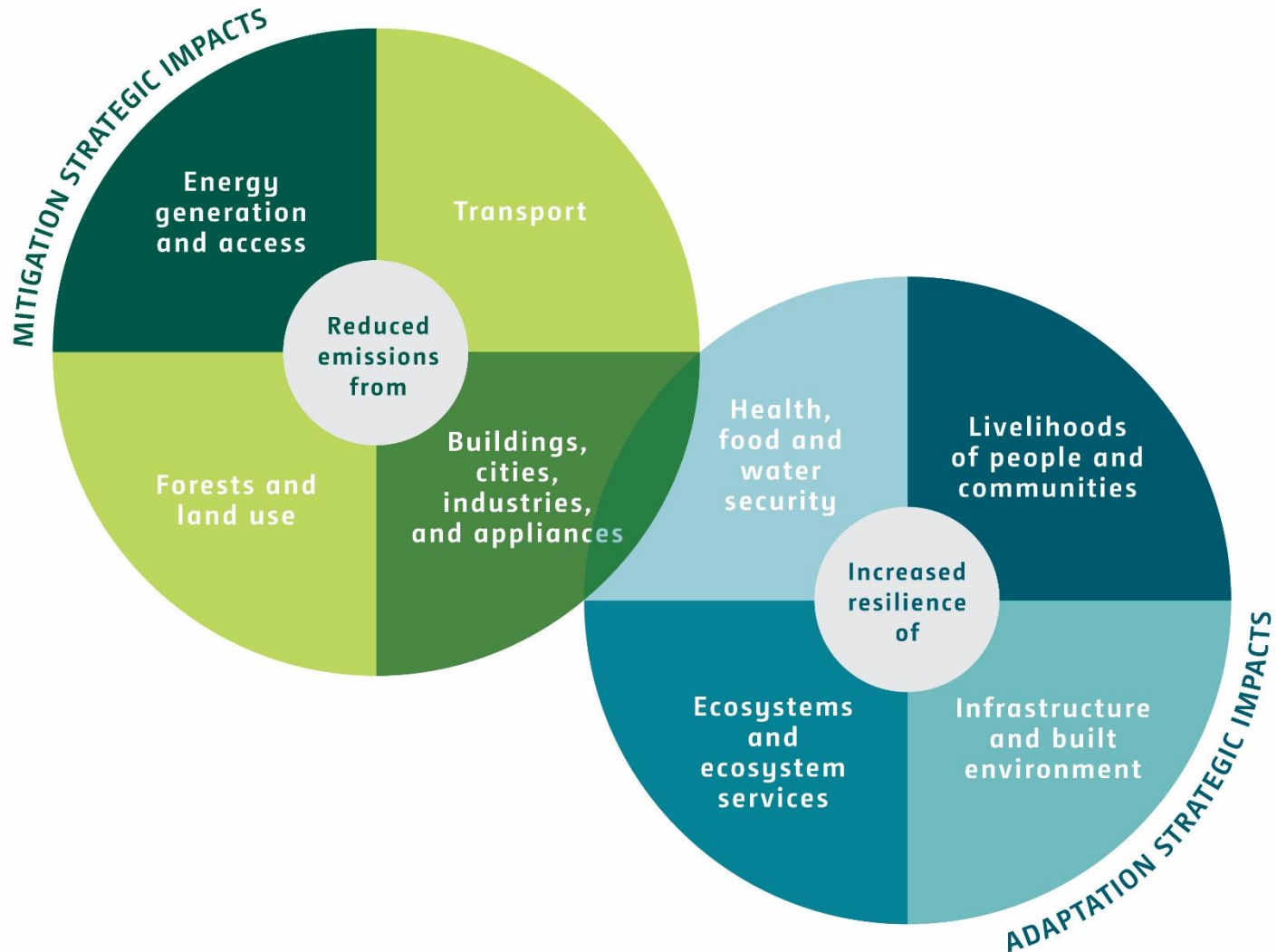
Approval process

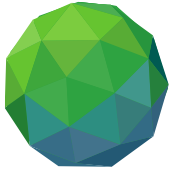




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Eight Results Areas





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Investment criteria





The Role of Concept Note

The GCF Concept Note serves threefold purpose:

1. Early presentation of the project or programme idea or concept;
2. Comments and feedback communication channel with the team of GCF reviewers;
3. Possibility to either confirm or reject the current / proposed approach to the project or programme concept; and understand how viable a forthcoming Funding Proposal may or may not be.

Do's and Don't's of the GCF Concept Note:

1. DO: Be concise and succinct in your writing and approach; without exceeding 10-12 pages;
2. DO NOT: Provide Annexes of detailed studies in the CN;
3. DO: Take the review process and provided feedback consequently as well as seriously as it will probably strongly contribute to the quality of the forthcoming FP.



The Role of Funding Proposal

The GCF Funding Proposal serves threefold purpose:

1. Demonstrate how the proposed project or programme will perform against the GCF investment criteria and achieve strategic impact results;
2. Provides the basis for the 2nd level due diligence, a thorough technical review process done by the Secretariat;
3. Demonstrate the quality of the proposed financial and implementation mechanisms.

Do's and Don't's of the GCF Funding Proposal:

1. DO: Provide sufficient / succinct rationale and overwhelming evidence in support of the GCF investment criteria and strategic impact results / requirements;
2. DO NOT: Overestimate funding requirements; especially minimum levels of concessionality needed to make the project or programme truly viable;
3. DO: Provided needed technical and support documentation as well as any appropriate studies in the Annexes of the FP.



GCF Investment

Criteria: Impact Potential

IMPACT POTENTIAL

Defined as the potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas

WHAT: Contribution to the shift to low-emission sustainable development pathways

INDICATORS:

Expected tones of carbon dioxide equivalent (t CO₂ eq) to be reduced or avoided; Degree to which activity avoids lock-in of long-lived, high-emission infrastructure; Expected increase in the number of households with access to low-emission energy; Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers; Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated; Expected increase in the number of small, medium and large low-emission power suppliers, and installed effective capacity; Expected decrease in energy intensity of buildings, cities, industries and appliances; Expected increase in the use of low-carbon transport.

Measures Mitigation impact



GCF Investment Criteria: Paradigm Shift Potential

PARADIGM SHIFT POTENTIAL

Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only).

Defined as degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment.

WHAT: Innovation; Level of contributions to global low-carbon development pathways; Contribution to the creation of knowledge, collective learning processes, or institutions; Sustainability of outcomes and results beyond completion of the intervention; Market development and transformation; Scalability; Replicability.

Selected INDICATORS: Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes; Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through:

A theory of change for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation; A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries.



GCF Investment Criteria: Sustainable Development Potential

SUSTAINABLE DEVELOPMENT POTENTIAL

Potential for externalities in the form of expected improvements

Defined as wider benefits and priorities

WHAT:

Environmental co-benefits: Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate;

Economic co-benefits: Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate;

Social co-benefits: Expected positive social and health impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate

Gender-sensitive: Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes

Selected INDICATORS:



GCF Investment Criteria:

Needs of the Recipient

NEEDS OF THE RECIPIENT

Focus on vulnerability and financing needs of beneficiary country and its population

Defined as vulnerability and financing needs of the beneficiary country and population

WHAT:

Vulnerability of the country (adaptation only): Scale and intensity of exposure of people, and/or social or economic assets or capital, to risks derived from climate change;

Vulnerable groups and gender aspects (adaptation only): Comparably high vulnerability of the beneficiary groups;

Economic and social development level of the country and the affected population: the level of social and economic development of the country and target population;

Absence of alternative sources of financing: Opportunities for the Fund to overcome specific barriers to financing;

Need for strengthening institutions and implementation capacity: Opportunities to strengthen institutional and implementation capacity in relevant institutions in the context of the proposal



GCF Investment Criteria:

Country Ownership

COUNTRY OWNERSHIP

Ownership and capacity to implement project or programme

Defined as Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions)

WHAT:

Existence of a national climate strategy: Objectives are in line with priorities in the country's national climate strategy;

Coherence with existing policies: Proposed activity is designed in cognizance of other country policies;

Capacity of accredited entities or executing entities to deliver: Experience and track record of the Accredited Entity or executing entities in key elements of the proposed activity

Engagement with civil society organizations and other relevant stakeholders: Stakeholder consultations and engagement.



GCF Investment Criteria:

Efficiency and Effectiveness

EFFICIENCY AND EFFECTIVENESS

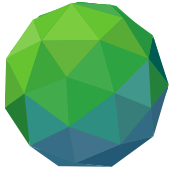
Economic and financial soundness of the programme / project

Defined as cost-effectiveness and efficiency regarding financial and non-financial aspects

WHAT: Financial adequacy and appropriateness of concessionality;

INDICATORS: Proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers.

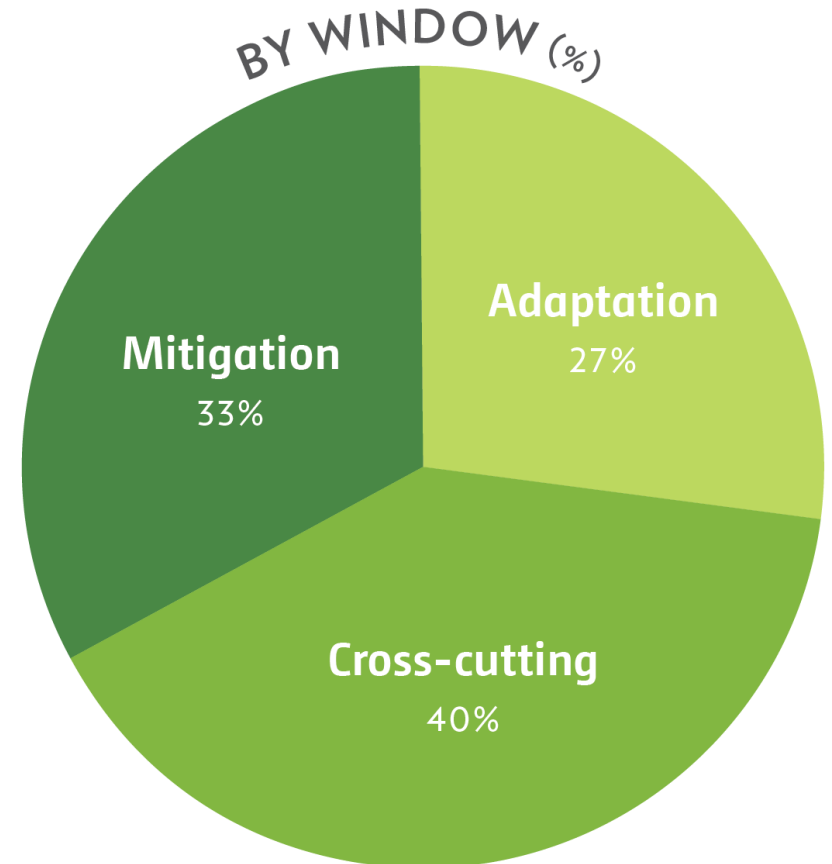
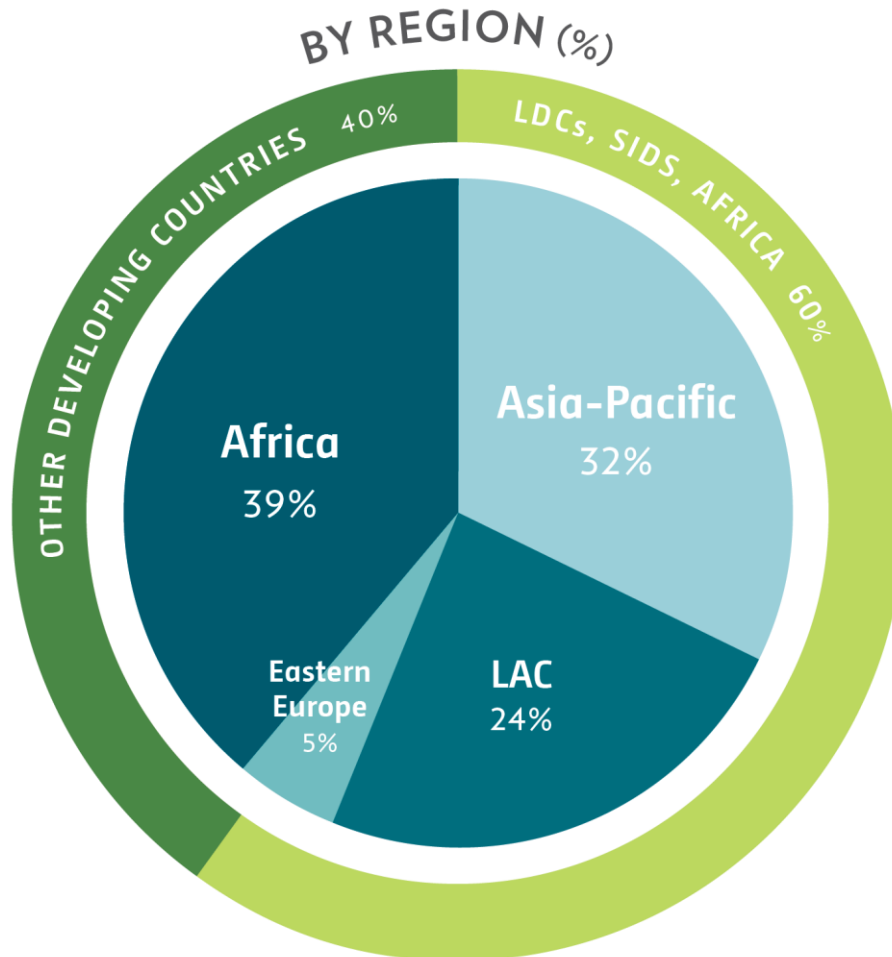
Demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable.

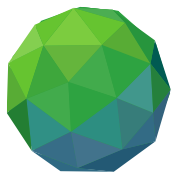


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Portfolio Overview

43 projects/programmes with USD 2.2 billion in GCF funding





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Approved Projects

<http://www.greenclimate.fund/projects/browse-projects>

BROWSE RECENT PROJECTS

PORTFOLIO

BROWSE PROJECTS

RELATED DOCUMENTS

Investment Framework

Investment Criteria

Proposal Approval Process

Results Management
Framework (RMF)

PROJECT FP037

Integrated Flood Management to Enhance Climate
Resilience of the Vaisigano River Catchment in Samoa

PROJECT FP036

Pacific Islands Renewable Energy Investment Program

PROJECT FP035

Climate Information Services for Resilient Development
in Vanuatu

PROJECT FP034

Building Resilient Communities, Wetlands Ecosystems
and Associated Catchments in Uganda

PROJECT FP033

Accelerating the Transformational Shift to a Low-
Carbon Economy in the Republic of Mauritius

PROJECT FP030

Catalyzing private investment in sustainable energy in
Argentina - Part 1

PROJECT FP029

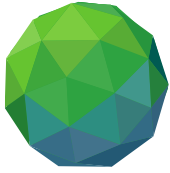
SCF Capital Solutions

PROJECT FP028

Business loan programme for GHG emissions reduction

PROJECT FP027

Universal Green Energy Access Programme



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De-risking and Scaling Up Investment in Energy Efficient Building Retrofits

Armenia



Accredited Entity
UNDP

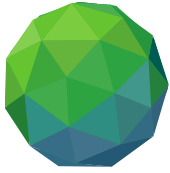
Executing Entity
Ministry of Nature Protection

Emission Reductions
1.4 MtCO₂eq

Total Funding
USD 29.82M

GCF Funding
USD 20 M Grant

Duration
6 Years



GREEN
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FUND

De-risking and Scaling Up Investment in Energy Efficient Building Retrofits

Armenia

Components

- Establishment of measurement, reporting and verification systems for the building sector;
- Development of enabling policies, laws and standards for energy efficient retrofits at different levels;
- Supporting financial de-risking instrument design by local banks;
- Provision of financial incentives for the low-income segment of the population and public entities to invest into energy efficient retrofits.

Accredited Entity
UNDP

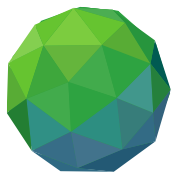
Executing Entity
Ministry of Nature Protection

Emission Reductions
1.4 MtCO₂eq

Total Funding
USD 29.82M

GCF Funding
USD 20 M Grant

Duration
6 Years



GREEN
CLIMATE
FUND

De-risking and Scaling Up Investment in Energy Efficient Building Retrofits

Armenia

Strengths	Points of caution
Promote energy efficiency retrofitting investments by addressing financial, technical, policy, and legal barriers in a comprehensive manner	Uncertainty in long term financial sustainability beyond the intervention; reliance on subsidy schemes using grant resources
Target a new and under-supported market segment of multi-owner residential buildings in the country	Uncertainty or lack of clarity on the commitment in parallel financing at subsequent stages of the retrofitting investment
Provide significant knowledge sharing and learning opportunities to a wide range of market players and stakeholders	



Tajikistan: Scaling-up Hydropower Sector Climate Resilience

Components

- Increasing the adoption of international best practices in climate risk management in the hydropower sector;
- Developing institutional capacities and structures for effective transboundary management of hydropower cascades; and
- Scaling up the integration of climate resilience measures into the hydropower facility, including its structural rehabilitation to optimize resilience to climate change

Accredited Entity
EBRD

Executing Entity
Republic of Tajikistan represented
by the Ministry of Finance

Beneficiaries
2,400,000 people

Financing (Phase I): USD 75
million

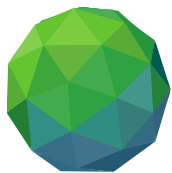
GCF (Phase II): USD 50 million
Co-financing (Phase II): USD 83
million

Duration
6 Years



Tajikistan: Scaling-up Hydropower Sector Climate Resilience

Strengths	Points of caution
<p>Targets the most climate vulnerable country in the Europe, the Central Asia and the former Soviet Union region (ECA). The proposal presents a strong technical case for power generation equipment's upgrade & refurbishment and revitalised dam's infrastructure in response to severe challenges caused by climate change.</p>	<p>The European Investment Bank (EIB) commitment and the terms and conditions of its loan to this project have not been confirmed at this stage.</p>
<p>Engineering and preparatory studies have been completed to acceptable technical standards, including detailed climate change assessments which have been factored into project design.</p>	<p>Sustainability of project interventions strongly links to ongoing institutional reform to the Tajik energy sector, which is outside the scope of the proposed intervention.</p>
<p>Project interventions are resulting from the Pilot Project for Climate Resilience (PPCR) and have benefited from related stakeholder processes during its first phase. PPCR is a joint effort of the key donors to the country, concluded after several years of consultation led by the Government of Tajikistan, ADB, EBRD, and WB.</p>	<p>The country will consider provision of a sovereign guarantee for GCF loan or a channeling the loan through the Ministry of Finance of Tajikistan to Barki Tojik, however the fund flow has not been confirmed at this stage.</p>



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Ground water recharge and solar micro irrigation to ensure food security and enhance resilience in vulnerable tribal areas of Odisha

Components

- Installation of 10,000 groundwater recharge systems;
- Renovation of 10,000 community tanks;
- Installation of 1,000 solar pumps for irrigation in pilot locations; and
- Capacity building for project stakeholders and overall project management.

Accredited Entity
NABARD

Executing Entity
Department of Water Resources

Beneficiaries
5.19 million

GCF Contribution:
USD 34.357 million grant

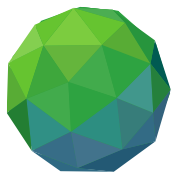
Co-financing:
USD million 131.94

Duration
5 Years



Ground water recharge and solar micro irrigation to ensure food security and enhance resilience in vulnerable tribal areas of Odisha

Strengths	Points of caution
The project aims to address water and food security for vulnerable populations in a region at high risk from climate change	The project's execution may be at risk because of Dependence on co-finance for GCF funding execution
The proposed groundwater recharge system integrates water recharge and other uses into the same structure, which leads to capital gains	The groundwater recharge system proposed has been tested only in experimental fields
The components adopt a community-led approach that has the potential to promote community ownership and the maintenance of assets	The solar pumping system has not been specified and farmers have no experience with this technology



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FUND

Energy efficiency in Small and Medium Enterprises

El Salvador

Accredited Entity
IDB

Executing Entity
BANDESAL (National Development Bank)

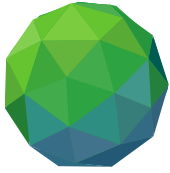
Emission Reductions
562,000 tCO₂eq

Total Funding
USD 41.7M (20M IDB loan)

GCF Funding
USD 20M Loan + USD 1.7M Grant

Duration
5 Years





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Sustainable Energy Facility (Geothermal Energy)

Five Caribbean Small Island Developing States

Accredited Entity
IDB

Executing Entity
Caribbean Development Bank

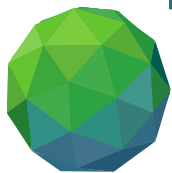
Emission Reductions
9.4 MtCO₂eq

Total Funding
USD 190.5M (plus USD 340M
leveraged from private sector)

GCF Funding
USD 60M Loan+
USD 16M Reimbursable Grant+
USD 4M Grant

Duration
8 Years





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Tina River Hydropower Development Project

Solomon Islands

Accredited Entity

World Bank

Executing Entity

Ministry of Finance and Treasury

Emission Reductions

2.48 MtCO₂eq

Total Funding

USD 234M

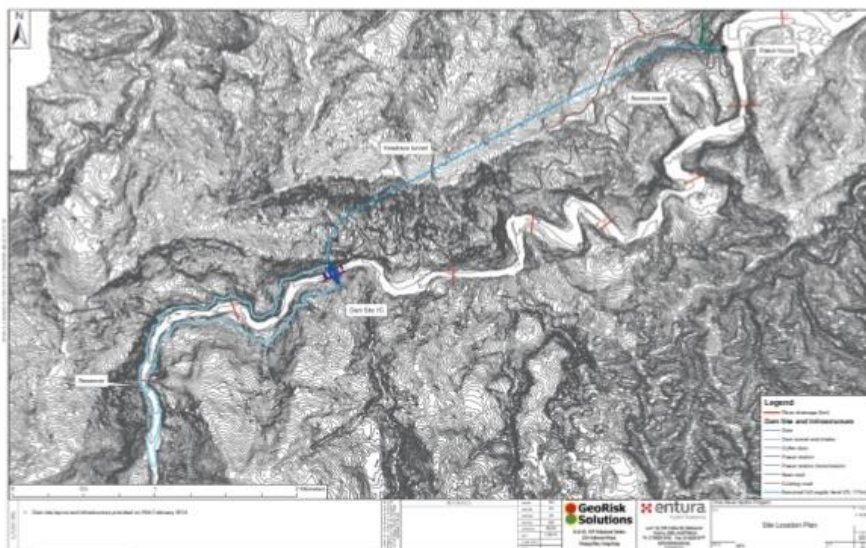
GCF Funding

USD 70M Loan (50% high
concessionality, 50% low)

USD 16 M Grant

Duration

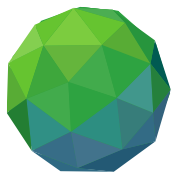
5 Years



WORLD BANK GROUP

Power Solutions for Remote Communities

12



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Climate Information and Early Warning Systems

Malawi



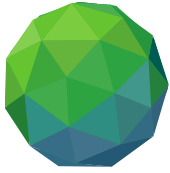
Accredited Entity
UNDP

Executing Entity
Department of Disaster
Management Authority

Beneficiaries
1.4M Direct | 0.7M Indirect

Total Funding
USD 16.27M
GCF Funding
USD 12.3M Grant

Duration
6 Years



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Building the Resilience of Wetlands in the Province of Datem del Marañon

Peru

10.3. Wetland Map



Accredited / Executing Entity
Profonanpe

Beneficiaries
20,413

Emission Reductions
2.6 million tons CO₂e in 10 years

Total Funding
USD 9.1M

GCF Funding
USD 6.2M Grant

Duration
5 Years



Lessons and challenges

Mitigation

Right level of concessionality and use of financial instruments

e.g. reimbursable grant or guarantee to cover risk,
loan towards revenue-generating projects,
Provision of co-financing by other donors, Government or local private partners

Transformative and innovative

Using innovative financing models, technical solutions, improving regulatory framework, or facilitating learning and replication.

Focus on climate results

Clear benefits in terms of emission reductions (e.g. substitution of fossil fuels) or improving the resilience of infrastructure or livelihoods against climate change



Lessons and challenges

Adaptation

Eligibility: Climate benefits v.s. Development outcomes

- Covering in part or in full the incremental cost of adaptation
- Climate projects usually have development outcomes, not vice versa;
- Poverty reduction in most cases is not eligible for climate finance.

Adaptation projects could also be bankable

- Tariff restructuring, revolving fund

Stakeholder consultations

gender-responsive, participatory and taking into account indigenous people
local knowledge through their full inclusion, CSOs, participatory monitoring



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