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Session 3.1/GCF support for Proposal Development

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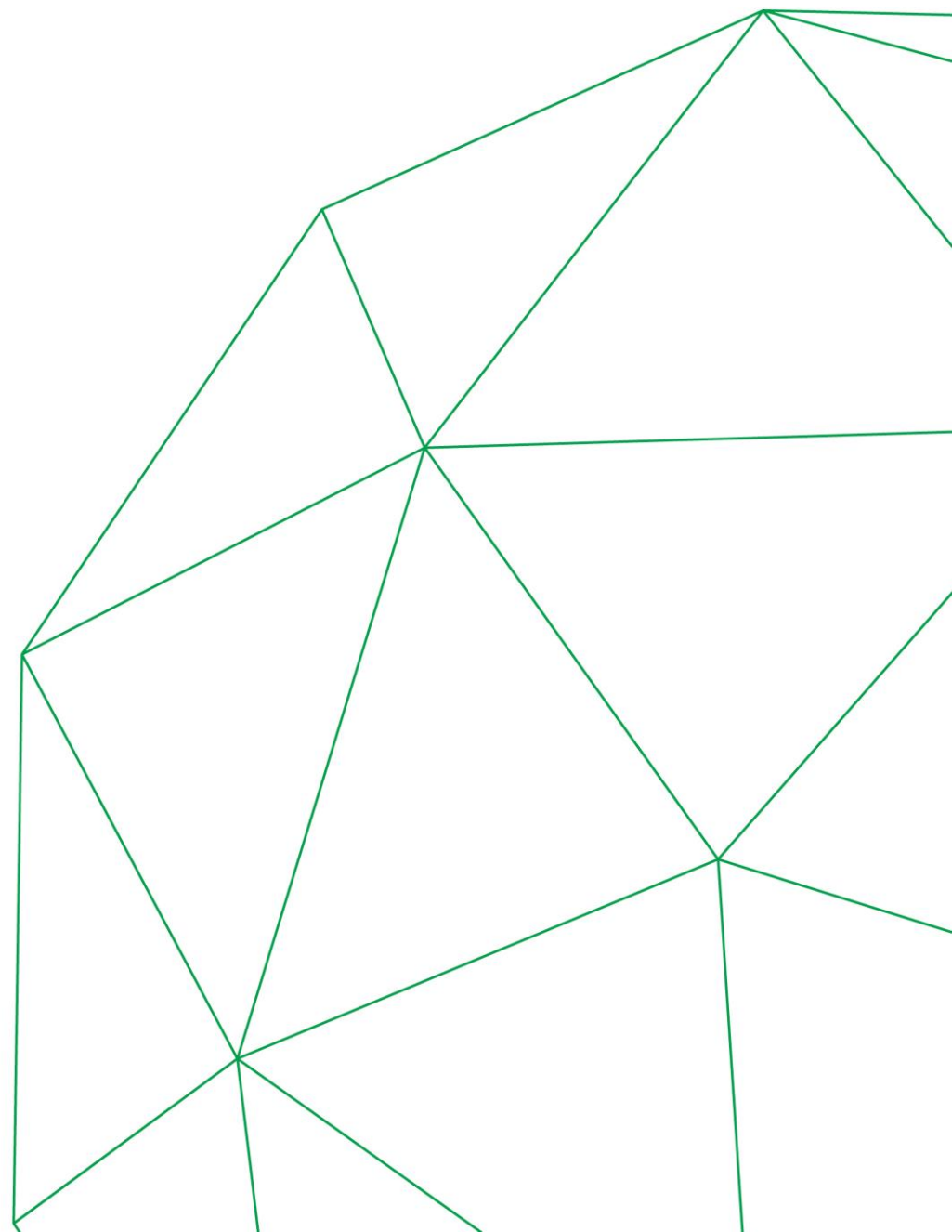
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13–15 September 2022
Incheon, Republic of Korea

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AGENDA



- Session 3.1.A: Funding windows
- Session 3.1.B: Appraisal guidance and tools
- Session 3.1.C: GCF Programming manual



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Session 3.1.A: Funding windows: Readiness and Preparatory Support Programme

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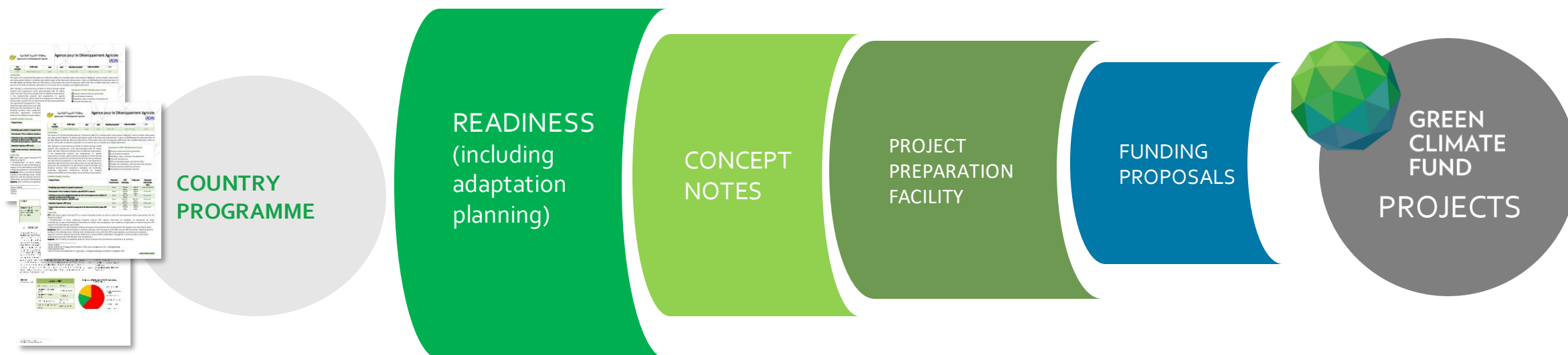
Readiness and Preparatory Support Programme in GCF programming overview



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NDCs
NAPs
LEDs
TNA



What gaps need to be filled to build a robust pipeline?

*What sectors, what projects
are a priority for the country?*

*Which entity(ies)
is the most suitable to
deliver the pipeline?*



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Readiness and Preparatory Support Programme: modalities

USD 1 million

cap per country per year

- Capacity building for NDAs, DAEs & other stakeholders
- Strategic frameworks (policies and programming environment)
- Pipeline development
- Knowledge sharing and learning

USD 3 million

cap per country

- National adaptation plans (NAP) / adaptation planning processes

MULTI-YEAR STRATEGIC READINESS

What is it?

- Proposal for strategic support requesting >\$1m up to \$3m for max 36 months
- Sequences support for multiple work areas and stakeholders
- Contains indicative work plans and budgets for each 12-month period

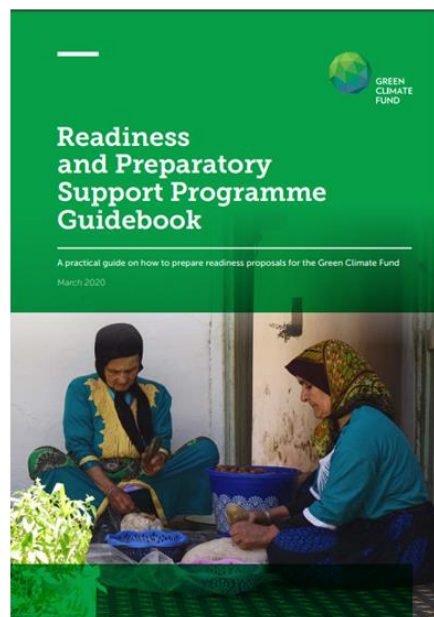
Key information

- Annual readiness cap remains in place – Secretariat can only commit up to \$1m per year
- Countries may submit and implement both multi-year and traditional proposals provided they adhere to \$1m annual cap per country
- NAP/adaptation planning is not included
- Required to have a Readiness Needs Assessment prior to submission of a MYSR

Readiness and Preparatory Support Programme: guiding principles and objectives

Guiding principles:

- Develop readiness support based on identified needs
- Increase flexibility for NDAs to address gaps
- Enhance capacity of accredited DAEs for GCF programming
- Shift focus from *engagement* to *investment*
- Tap economies of scale (regional and multiple-year requests)



5 GCF stipulated readiness objectives:

1. Capacity building for climate finance coordination
2. Strategic frameworks for low-emission investment
3. Strengthened adaptation planning
4. Paradigm-shifting pipeline development
5. Knowledge sharing and learning



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Session 3.1.A: Funding windows:

DAE New Funding Window

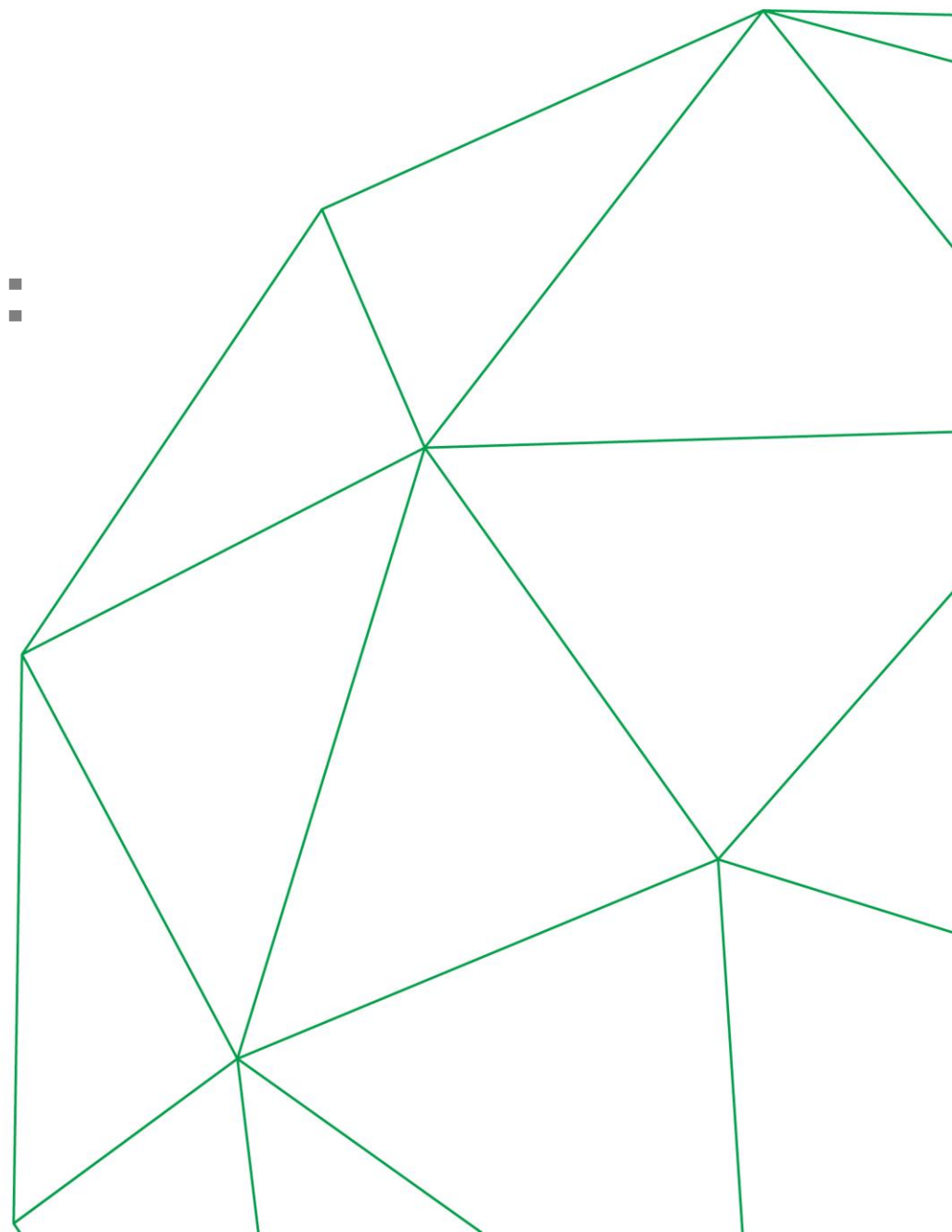
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DAE New Funding Window



- IRMF is the **GCF's new results framework** to monitor, analyze, and report on the aggregated, portfolio-wide results of the Fund's investments.
- It aims to establish clear definitions and methodologies for GCF's priority indicators and monitoring and assessment processes to ensure that GCF-funded activities apply the same approach and generate consistent, robust data that can be aggregated and compared across the entire GCF portfolio.

Capacity
challenges
among DAEs
to meet the
iRMF's
requirements



The New Funding
Window comes to
play

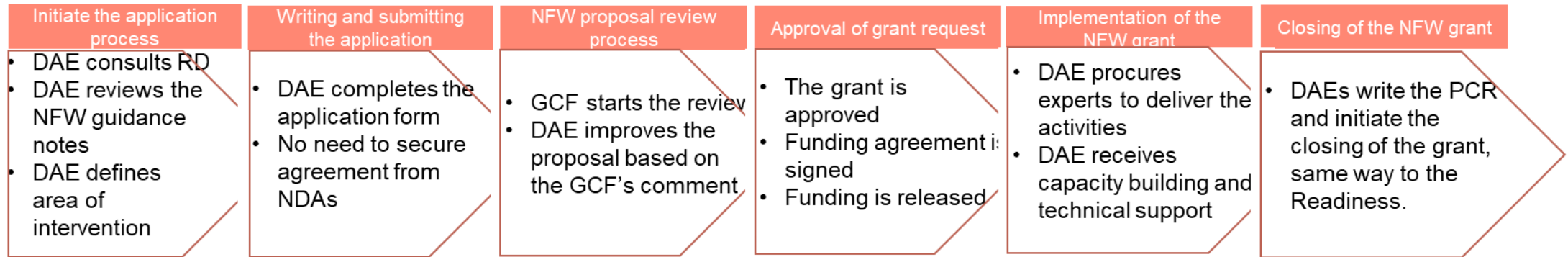
DAE New Funding Window

Scope or Focus of the support

DAE NFW objectives	Relevant RPSP's outcomes & DAE NFW's Outputs
To strengthen the M&E capacity of the DAEs under the IRMF	Outcome 1.2: Accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities.
	Output: 1.2.1: Capacity needs assessment conducted, and relevant training delivered for monitoring and reporting of the new indicators in the IRMF.
	Output 1.2.2: Capacity needs assessment conducted, and relevant training delivered for the evaluation on paradigm shift and enabling environment.
To support pipeline funding proposal(s) with the IRMF integration	Outcome 4.2: An increase in the number of <u>quality funding proposals</u> developed and submitted from accredited Direct Access Entities.
	Output 4.2.1: The pipeline FP(s) upgraded or developed to meet the IRMF requirements



DAE New Funding Window



Wait!
Concern about time consuming to get the grant approved?

A Fast-track approach to access this DAE NFW is being considered.
Please stay tune!



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Session 3.1.A: Funding windows: Project Preparation Facility (PPF)

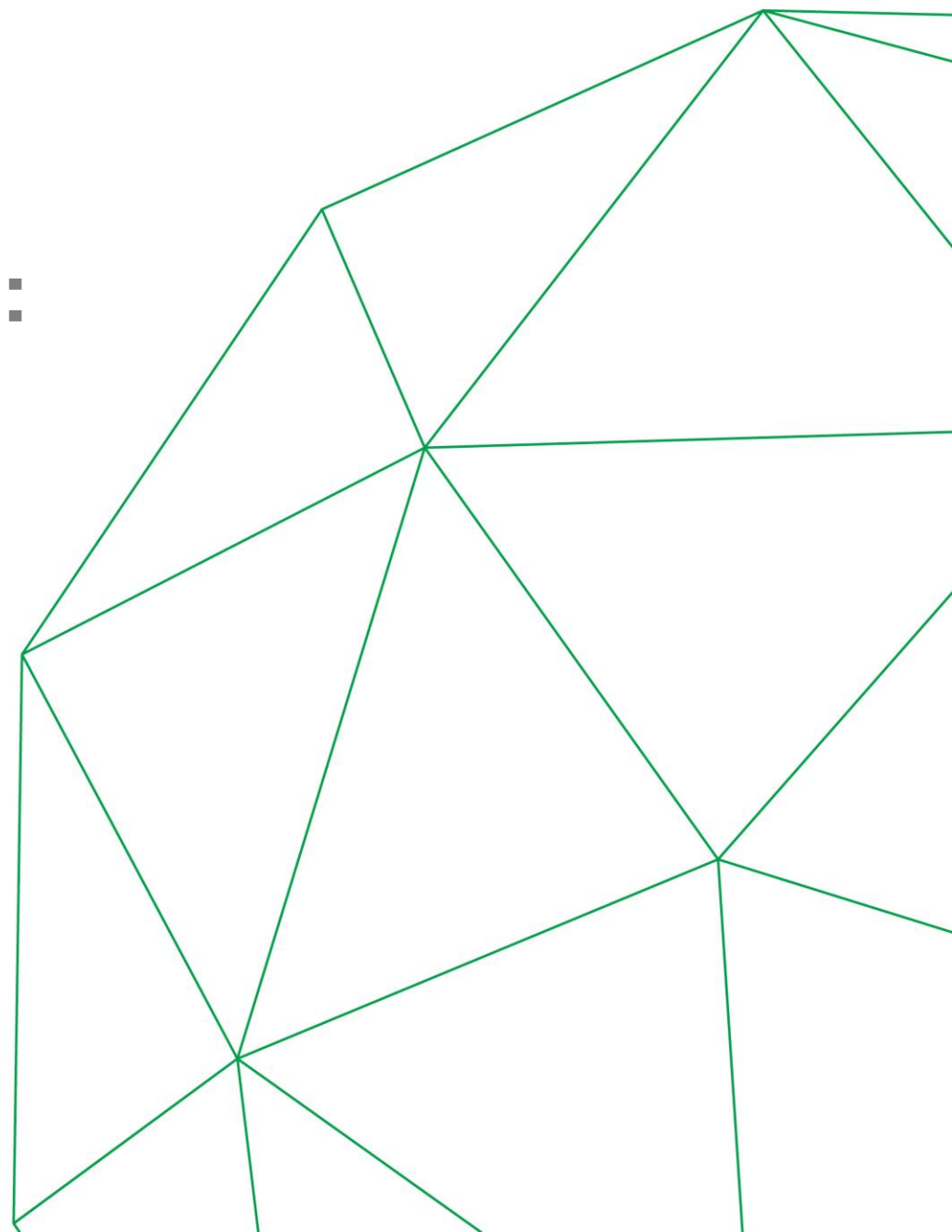
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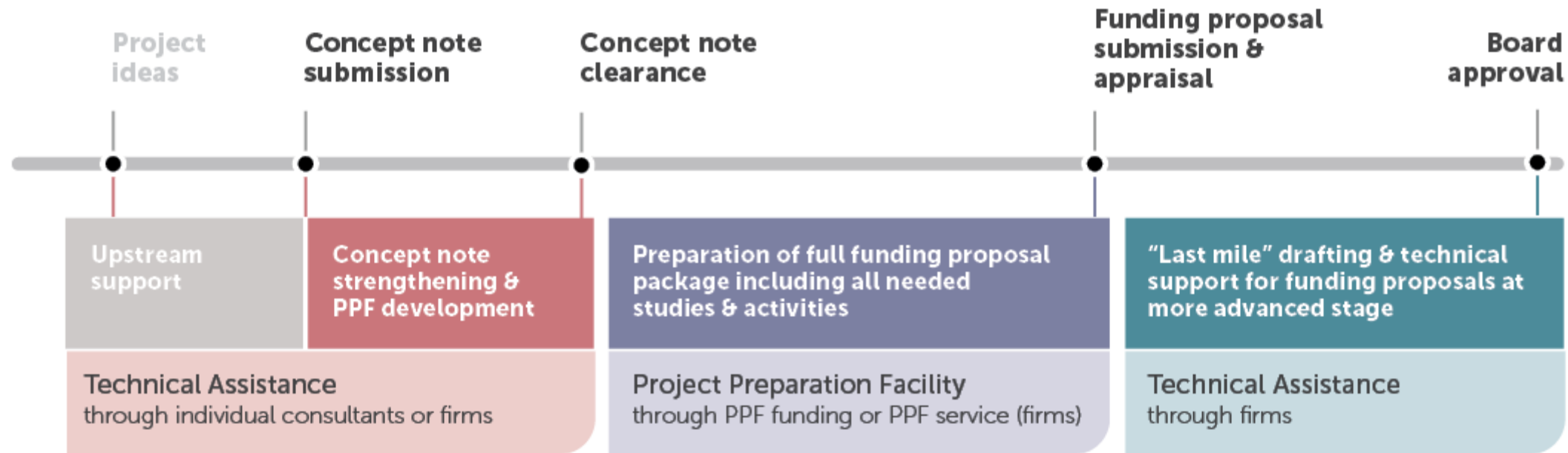


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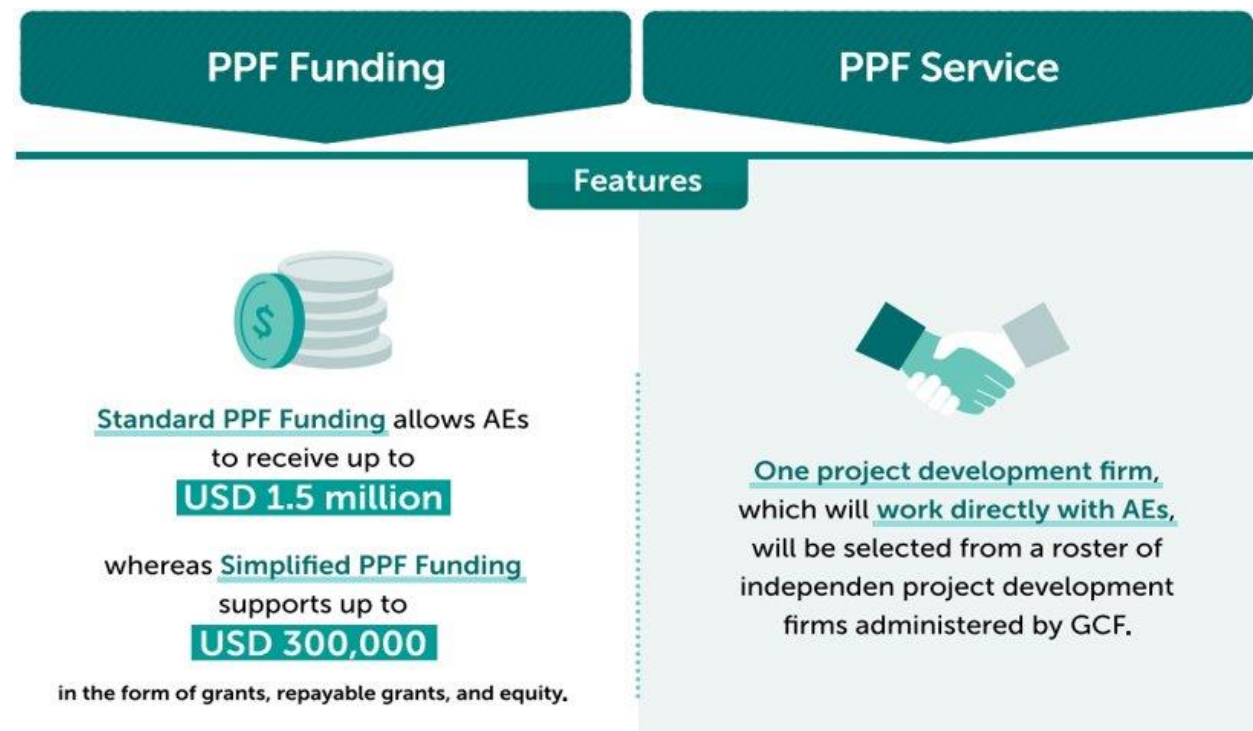
Project Preparation Facility (PPF)

- PPF in GCF Project Cycle

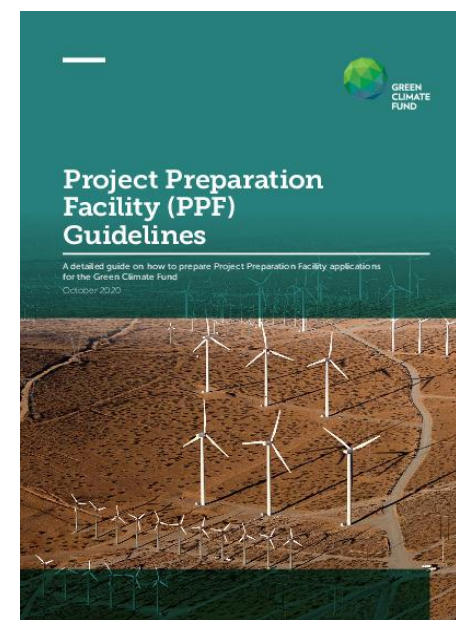


Project Preparation facility (PPF)

- PPF Resources for AEs and NDAs



Resources on GCF website



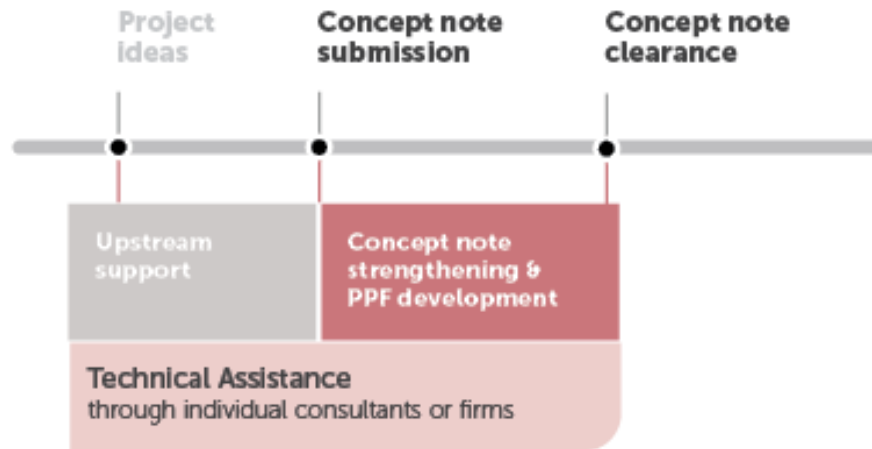
Resources	PPF Service
Application templates:	
<ul style="list-style-type: none">PPF Funding ApplicationSimplified PPF Funding ApplicationPPF Service Application	
PPF No-objection letter	
PPF Confirmation of Services Letter	
Request for Change of Approved PPF Application Letter	
PPF Progress Report Template	
PPF Completion Report Template	
Concept Note Template	
Audit ToR	

PPF portfolio as of Sept 2022

Approved PPF requests	Countries supported	Approved PPF funding
50	64	32.3m

Project Preparation Facility (PPF)

- PPF: Concept Note Development - Technical Assistance



What is offered?

Concept note strengthening and development of PPF request

Where will the support come from?

Individual consultants or professional firms

What are the requirements?

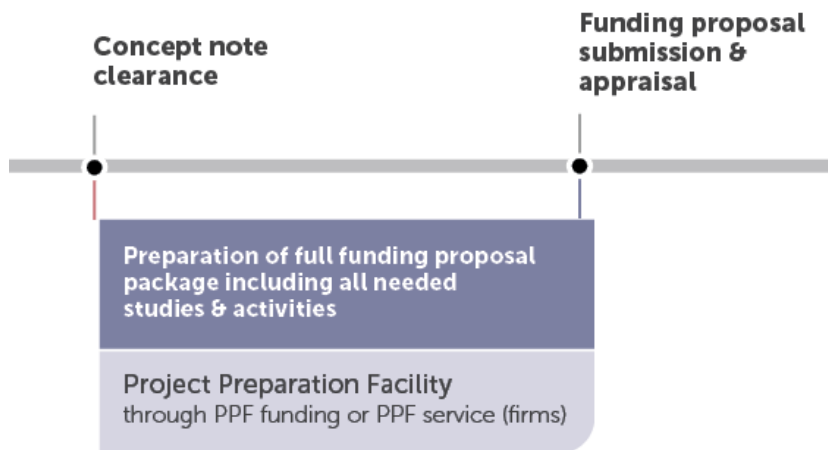
TA application form with TORs

No-objection letter



Project Preparation Facility (PPF)

- PPF: Funding Proposal Development



What is offered?

Preparation of full funding proposal package:

- Pre-feasibility & feasibility studies, as well as project design
- Environmental, social & gender studies
- Risk Assessments
- Identification of programme/project-level indicators
- Pre-contract services, including revision of tender documents
- Advisory services and/or other services to financially structure a proposed activity
- Other project preparation activities

What are the requirements?

- PPF application with TORs
- No-objection letter
- Endorsed concept note



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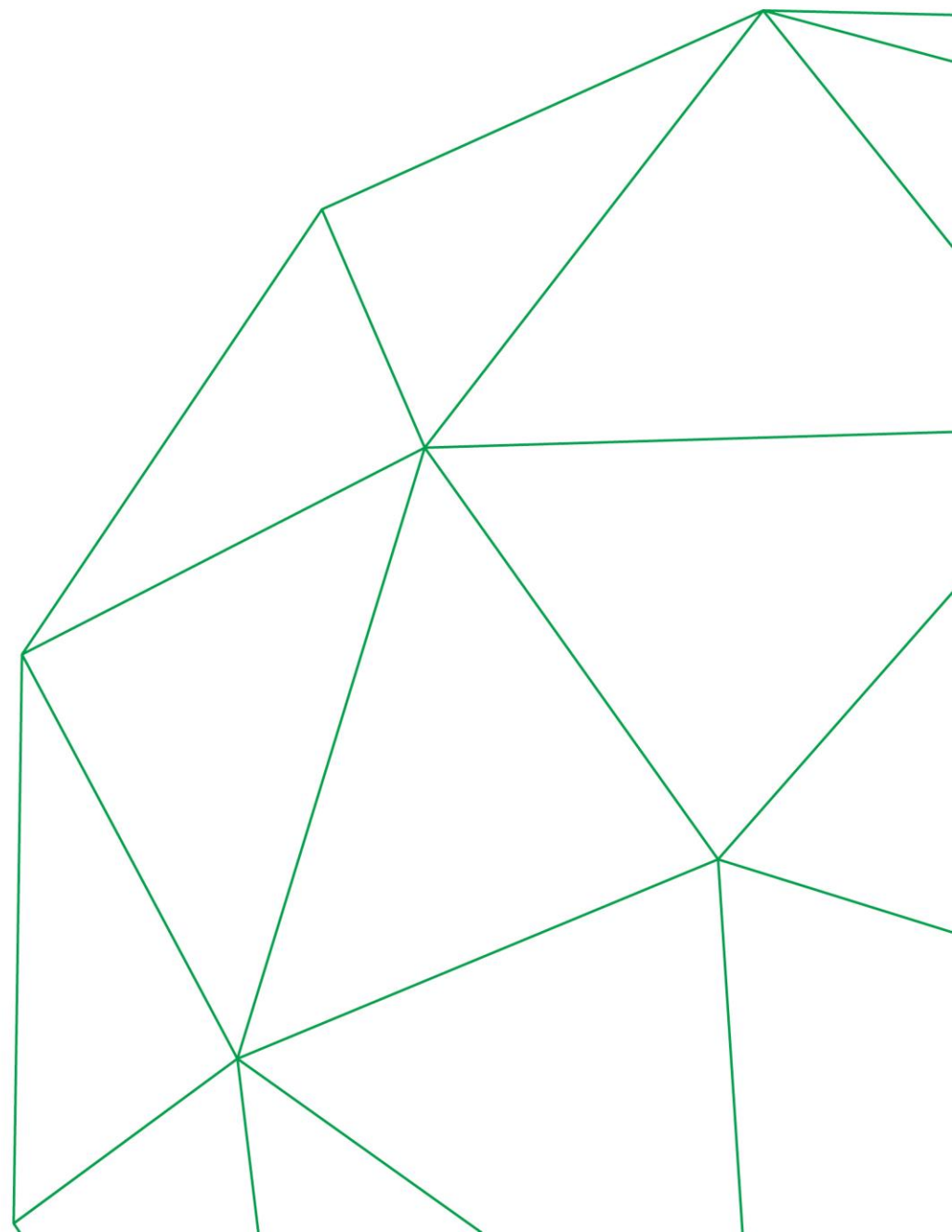
Session 3.1.B: Appraisal guidance and tools

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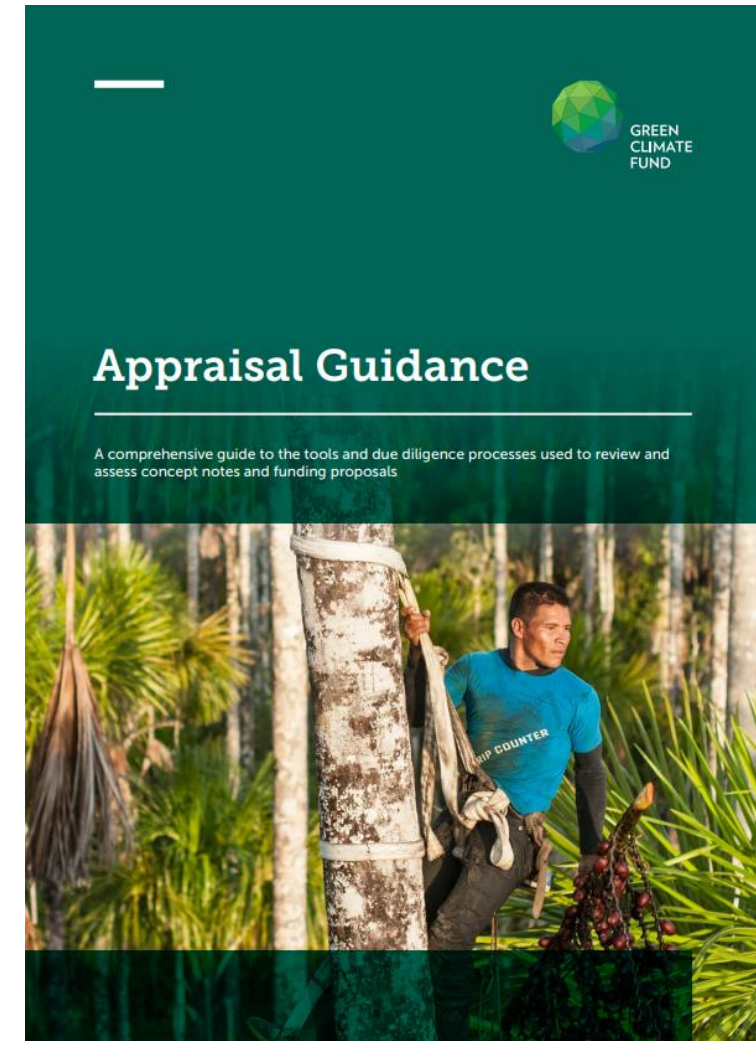
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Appraisal guidance and tools

APPRAISAL GUIDANCE

- Complements Operations Manual (internal) and Programming Manual (externally-facing), completing documentation of GCF's processes and SOPs
- Sets out a transparent Appraisal Process to assess the design and quality of Concept Notes (CNs) and Funding Proposals (FPs)
- Clarifies the parameters (Appraisal Areas) used by the Secretariat, and thus facilitates AEs in their self-appraisal of CNs and FPs prior to submission
- Enhances due diligence processes of both AEs and Secretariat, promotes consistency, and contributes to the development of an impactful GCF portfolio



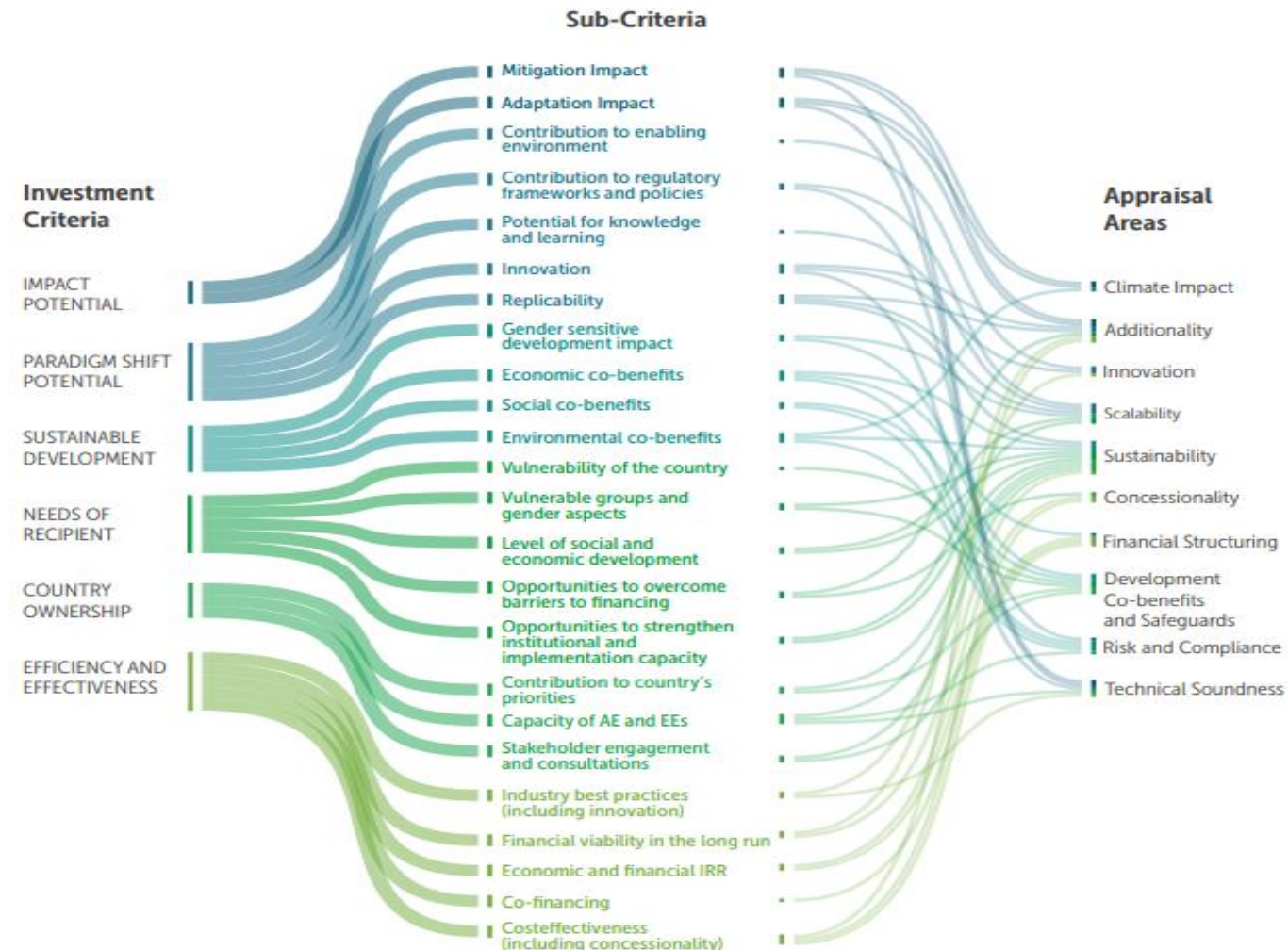
Operationalizing investment policies



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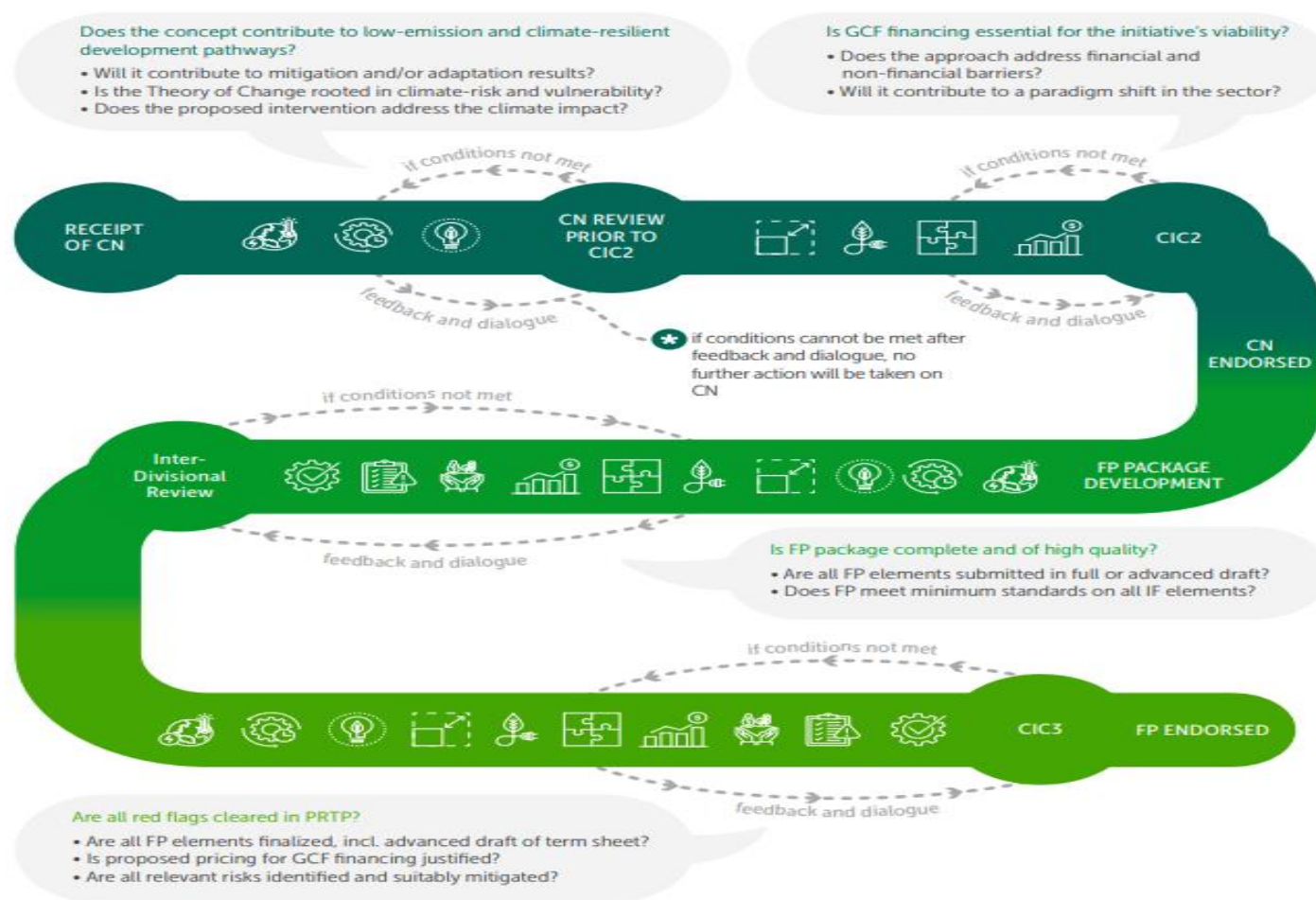
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FIGURE 3. SIX INVESTMENT CRITERIA AND 24 SUB-CRITERIA AND THE APPRAISAL AREAS



Appraisal process decision flow

FIGURE 5. APPRAISAL PROCESS DECISION FLOW³⁰



APPRAISAL AREAS

-  1. Climate Impact
-  2. Additionality
-  3. Innovation
-  4. Scalability
-  5. Sustainability
-  6. Financial Structuring
-  7. Concessionality
-  8. Development co-benefits
-  9. Risk and Compliance
-  10. Technical Soundness

Tools and guidance for appraisal

TABLE 5. USE OF TOOLS AND GUIDANCE IN THE DUE DILIGENCE AND APPRAISAL PROCESS

		PRIOR TO CN SUBMISSION	GCF PROG. CYCLE STAGE 3 CN SUBMISSION AND REVIEW		GCF PROG. CYCLE STAGE 4 FP DEVELOPMENT		GCF PROG. CYCLE STAGE 5 FP REVIEW	
		AE	AE	SEC'T*	AE	SEC'T*	AE	SEC'T*
TOOLS	CN Checklist/ Review							
	IAT							
	Financial Structuring							
	Concessionality							
	ICS							
	GEC							
	PSR							
	SAP review toolkit							
GUIDANCE	EFA							
	Climate							
	Sector guides							

Note: * Secretariat

Economic and Financial Analysis (EFA) Guidance



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Maximising impact and the potential for scalability:

- **Cost-effectiveness**
- **Financial adequacy and appropriateness of concessionality**
- **Potential to catalyse investment**
- **Long-run financial viability**

ANNEX VI

ECONOMIC AND FINANCIAL ANALYSIS (EFA) GUIDANCE HANDBOOK

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The recipient shall not circulate this document without prior written agreement from the GCF Secretariat.

INTRODUCTION

ECONOMIC AND FINANCIAL ANALYSIS AND THE GCF INVESTMENT CRITERIA

FIGURE 2. GCF INVESTMENT CRITERIA



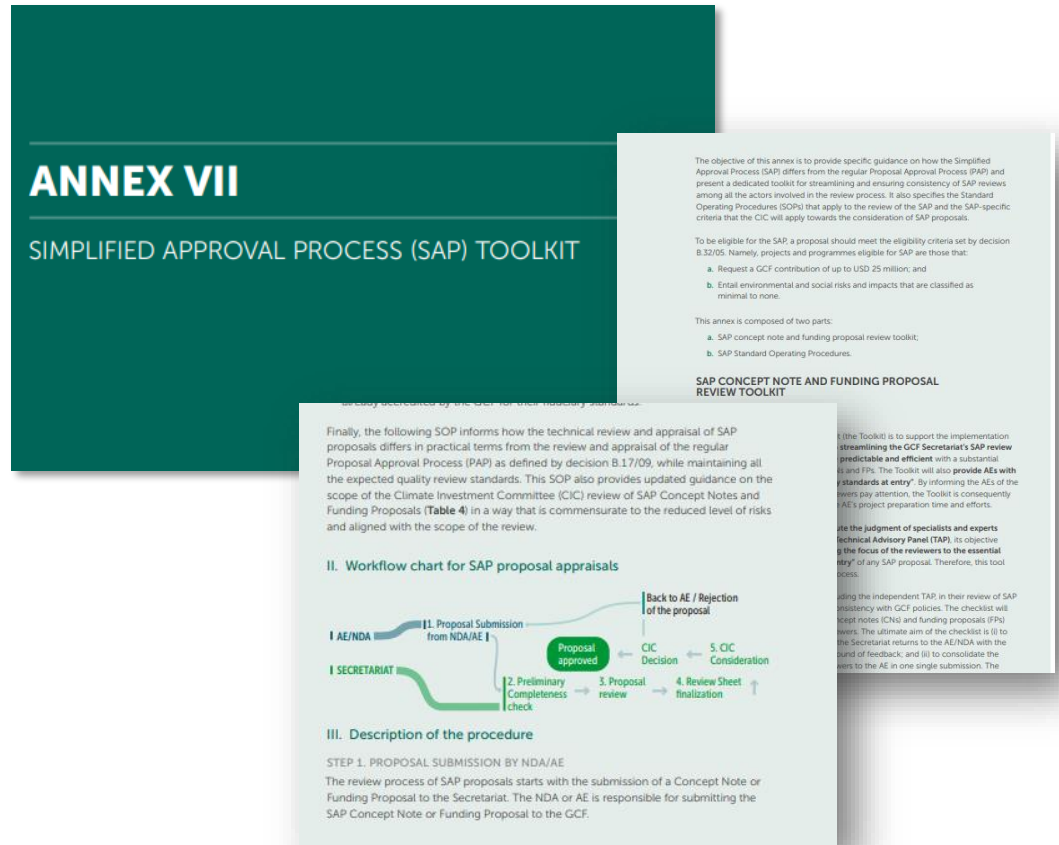
CRITERION 1/6 IMPACT POTENTIAL

The GCF Initial Investment Framework defines impact potential as the "potential of the programme/project to contribute to the achievement of the Fund's [mitigation and adaptation] objectives and results areas".⁷

Wherever possible, the EFA should demonstrate a clear link between the GCF

Simplified Approval Process (SAP) Review Toolkit

- Dedicated toolkit for streamlining and ensuring consistency of SAP reviews among all the actors involved in the review process.
- Making the review process more predictable and efficient with a substantial reduction in the time to review SAP CNs and FPs.



Toolkit SAMPLE

REVIEW SECTIONS AND QUESTIONS	YES	NO	PARTIALLY	NOT APPLICABLE	CHECK-OUT	COMMENTS BY REVIEWER
A. PROJECT/ PROGRAMME SUMMARY						
Overall completeness of the FP package						
Has the Accredited Entity submitted all relevant documents (including Term sheet) according to the completeness checklist?						
Overall consistency						
Are there any inconsistencies in basic information presented in the Funding proposal and/or its annexes (including currency and budget, tonnes of GHG emissions to be avoided/sequestered, number of direct/indirect beneficiaries)?						
Project/Programme Summary Items						
Is the information provided in the summary section consistent with that provided in other sections/annexes of the Funding Proposal?						

- The Toolkit acts as the standard for reviewing SAP CNs and FPs.
- The questions in the Toolkit are a proxy for the type of information that the SAP proposal should have in order to properly inform its assessment and quality.

Question and Answer



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Session 3.1.C: GCF Programming manual

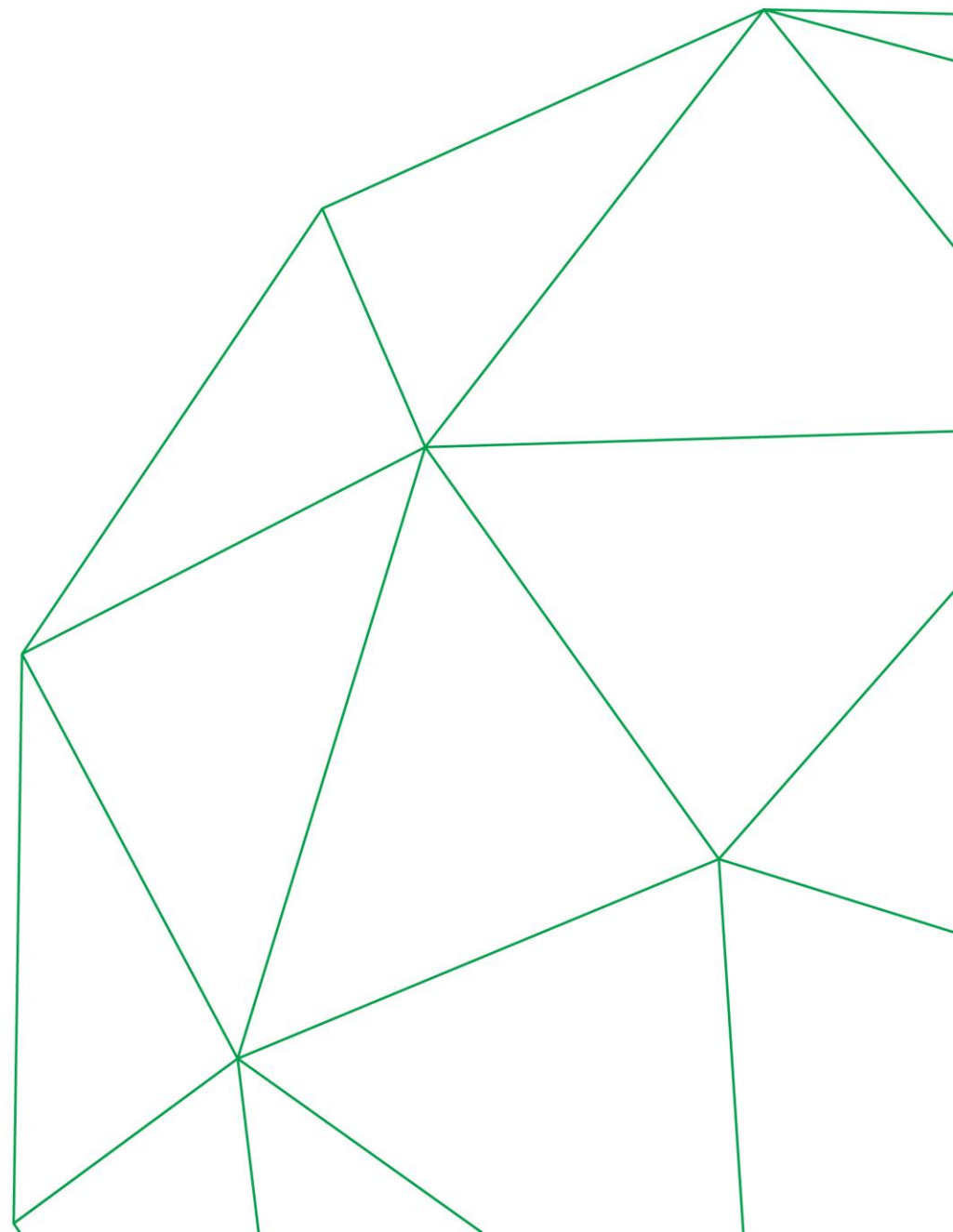
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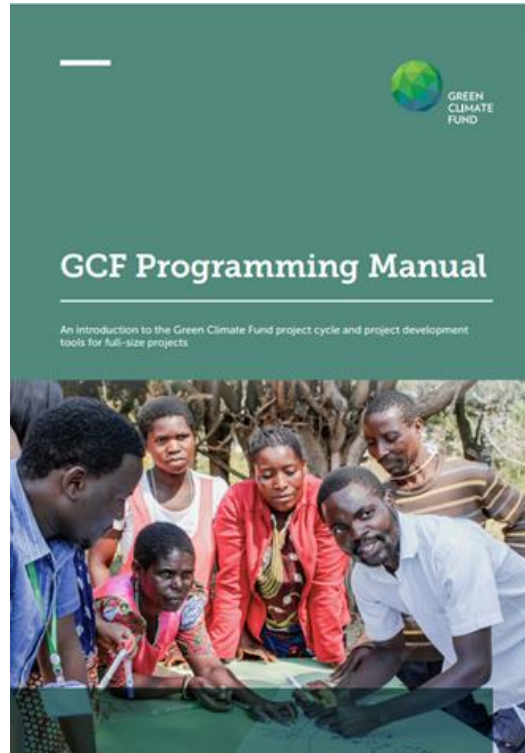
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GCF Programming manual

- Provides an overview of the GCF projects/programmes approval process and activity programming cycle
- Offers guidance on how to prepare the GCF funding proposal that meets GCF investment criteria
- Provides detailed information on the funding proposal template, and its annexes and detailed explanations and the information on necessary appraisals to be conducted

....



[GCF Programming manual \(link\)](#)



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AN INTRODUCTION TO THE GCF PROJECT CYCLE AND PROJECT DEVELOPMENT TOOLS FOR FULL-SIZE PROJECTS

GCF Programming manual

DISCUSSION

- How useful is the GCF Programming Manual?
- Which areas /contents in the Programming Manual should the GCF make improvement or expand?



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Thank you

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