



The Southern Africa
Climate Finance Partnership

DESIGNING CLIMATE FINANCE SOLUTIONS IN A SHIFTING INVESTMENT LANDSCAPE

A toolbox for innovative practitioners

Learning outcomes

- Learning Theme 3 is practitioner's considerations for conceptualising a GCF project.
- Under this theme there are a number of interlinked learning outcomes, these include:
 - **Summarise and differentiate the broad range of GCF policies and procedures** (including the GCF Investment Criteria and Integrated Results Management Framework) that influence the type of projects/programmes that your organisation could pursue.
 - **Outline the available financial instruments** for a GCF project/programme and be able to contextualise this knowledge within the design of a GCF Concept Note.
 - **Demonstrate practical and applied knowledge and understanding of the GCF Project cycle**, including the distinction between, and requirements for different GCF fundings windows, and between concept notes and full project proposals.
 - **Conceive of, and lead, discussions within your organisation regarding your institution's investment pipeline and develop a GCF Concept Note** describing one of the forerunner ideas within this pipeline.

In this week's lecture and coaching session we will look to focus *primarily* on those outcomes highlighted in **green** but will touch on others in some instances.

Overview

There are various areas of GCF Policy. A flip through the Handbook of policy decisions can be somewhat dizzying! Indeed, many policy gaps remain and the GCF Board has been encouraged by the UNFCCC COP Parties to close these gaps as soon as possible (i.e., more policies are coming!).

However, today's lectures will focus in on three areas of GCF policy and procedure where the AEs do well to have a general awareness of the overarching policy framework and a good working knowledge of any specific areas where procedure is highly relevant to the AE concerned.

The lecture will not dive into the detail of how these relate to or are implemented by practitioners as each area is considerable in scope but rather frame those which enable you and your organisation to create a GCF Concept Note (as a first step).

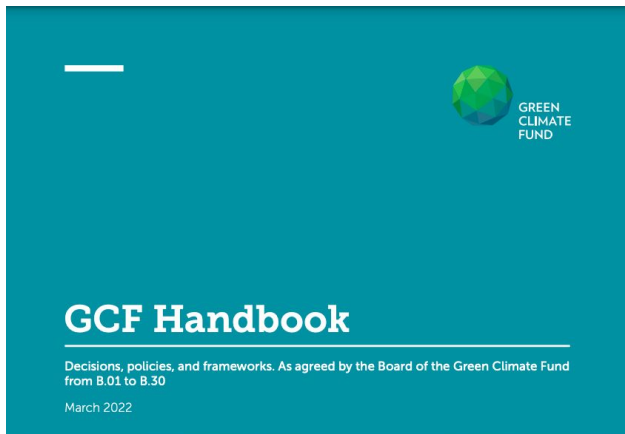
The primary areas covered in this lecture include:

- The GCF Business Model
- The GCF's Accreditation and Re-Accreditation framework
- The GCF's Funding Windows and Programmes
- Overview of the GCF Concept Note

Overview

1. Policy overview
2. Concept note overview
3. Framing the problem and mapping solutions

GCF Policies & Procedures



Today covering *in very high-level* policies and procedures relating to:

- The Funds' "business model" framework
- The Fund's Accreditation framework
- The Fund's funding windows

<https://www.greenclimate.fund/document/gcf-handbook>



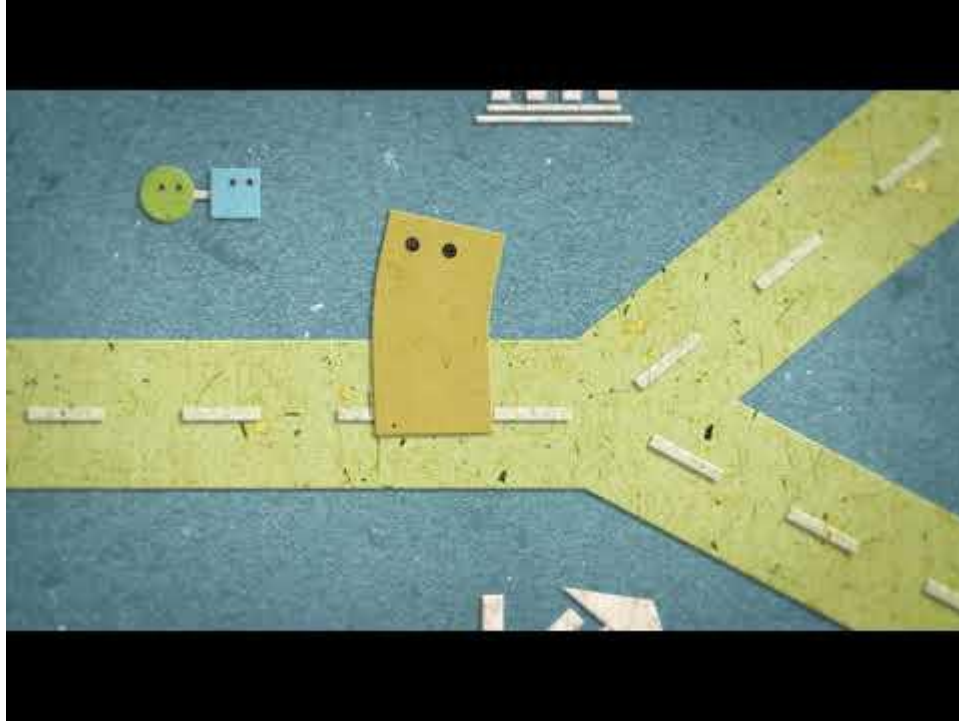
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Watch 3/3



Business Model

- **Business Model Framework**
- Access to Funding
- Allocation of Fund resources
- **Initial Investment Framework/Investment Criteria indicators**
- Scaling pilot
- **Country Ownership**
- **Proposal Approval Process**
- **Simplified Approval Process**
- Independent Technical Advisory Panel
- **Financial Instruments / Financial Terms and Conditions**
- **Results Management Framework**
- Anti-Money Laundering and Countering the Financing of Terrorism
- Risk management framework
- **Integrated Results Management Framework**
- Gender Policy
- Indigenous Peoples Policy
- Environmental and Social Management System
- Environmentally sound technologies and collaborative research
- Policies on ethics and conflict of interest
- Policy on the Protection of Whistleblowers and Witnesses
- Policy on Prohibited Practices

Accreditation

- Accreditation Programme
- Fast Track Accreditation Programme
- Applications for Accreditation / Re-Accreditation Decisions
- Accreditation Master Agreements

New addition:

“The Board has both strengthened the existing accreditation model for long-term partners as well as introduced a new streamlined process for organisations seeking finance for one-off, innovative climate solutions: the project-specific assessment approach (PSAA), from 2023.

[Further details.](#)

Funding Windows

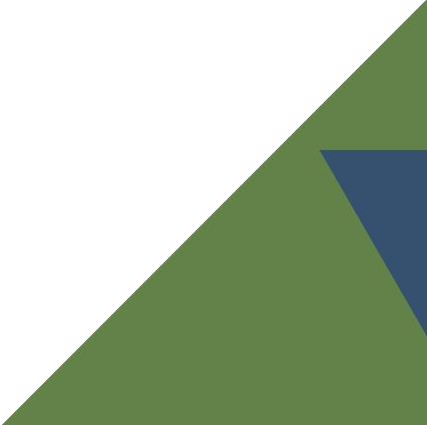
- Readiness and Preparatory Support Programme
 - Project Preparation Facility
 - Mitigation and Adaptation
 - Private Sector Facility
 - Pilot Programme for Mobilizing Resources at Scale
 - Pilot Programme to Support Micro-, Small- and Medium-Sized Enterprises
 - REDD Plus
 - Pilot Programme for Enhanced Direct Access
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GCF Concept design elements

GCF Concept Note

- Summary of proposed project/programme
- NOT mandatory but encouraged
- Developed in cases when:
 - Upfront costs of full proposal too high
 - Unsure of alignment with GCF Investment Criteria and Integrated Results Management Framework

Opportunity for feedback and information to further develop and strengthen the project/programme idea



Steps to develop Concept Note

Process for Concept Development

- Identify Project/Programme to be funded
- If not already accredited, identify appropriate AE
- Notify NDA of proposed project to ensure alignment with country programme and national objectives
- Inform the Secretariat that it has commenced consultations with the NDA
- Identify and elaborate project;
 - problem statement and climate rationale, objective and selected implementation approach, including executing entity(ies) and other implementing partners

Elements of the Project Description

The concept note should contain detailed information on the proposed project including;

- Context and Baseline
- Project/programme description (including objectives)
- Expected project results aligned with the GCF investment criteria, namely;
 - Impact potential;
 - Paradigm shift;
 - Sustainable development potential;
 - Needs of recipients;
 - Country ownership;
 - Efficiency and Effectiveness

Section A: Project/Programme Information

Section B: Project/Programme Details

Section C: Indicative financing/Cost information

Section D: Supporting Documents submitted



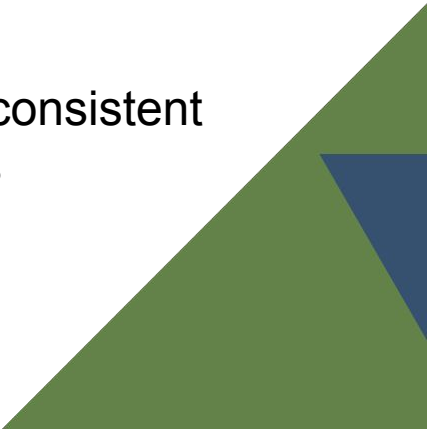
Impact Potential

- Specify the climate mitigation and/or adaptation impact.
 - Mitigation Core Indicator = Total tons of CO2 eq to be avoided or reduced per annum
 - Adaptation Core Indicator = Expected total number of direct and indirect beneficiaries and number of beneficiaries relative to total population (e.g. total lives to be saved from disruption due to climate-related disasters)
- Other qualitative information e.g. the degree to which the proposed activity avoids lock-in of long-lived, high-emission infrastructure (mitigation) or long lived, climate-related infrastructure (adaptation)
- The methodology used for calculating the above indicators and values should be provided.
- a benchmark in a comparable context (e.g. country, sector and/or technology) against which the indicator(s) can be compared

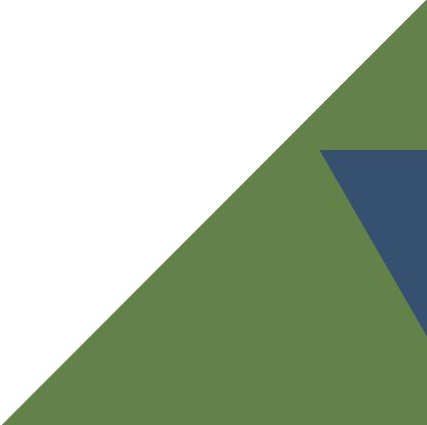
Further reading: [GCF Investment Framework](#)

Paradigm Shift Potential

The concept note may emphasize one or multiple factors below:

- Innovation
 - Potential for scaling-up and replication (e.g. multiples of initial impact size) for both mitigation and adaptation
 - Potential for knowledge and learning
 - Contribution to the creation of an enabling environment
 - Contribution to the regulatory framework and policies
 - Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans
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Sustainable Development Potential

- Provide the expected environmental, social and health, and economic co-benefits.
 - Indicators might include:
 - Economic co-benefits
 - Social co-benefits
 - Environmental co-benefits
 - Gender-sensitive development impact
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Needs of the Recipient

- scale and intensity of vulnerability of the country and beneficiary groups and elaborate how the project/programme addresses the identified needs
 - **Vulnerability of the country and beneficiary groups (adaptation only)** e.g. proposed activities may support specific beneficiary groups which are identified as particularly vulnerable in national climate or development strategies, which should then be highlighted with relevant sex disaggregation.
 - Economic and social development level of the country and affected population
 - Absence of alternative sources of financing
 - Needs for strengthening institutions and implementation capacity

Country Ownership

- Provide details that describe the level of country ownership of the project/programme, for example:
 - Coherence and alignment with the country's national climate strategy and priorities as well as other existing policies
 - Capacity of accredited entities or executing entities to deliver
 - Stakeholder engagement process and feedback received from civil society organizations and other relevant stakeholders
- Inclusive stakeholder engagement - describe any engagement undertaken among the NDAs, AEs and/or other relevant stakeholders, as well as future engagement in developing the concept into a full funding proposal.

Efficiency and Effectiveness

- The concept note should make the case for strong cost effectiveness and financial soundness, as demonstrated by;
 - economic and financial analysis, including the financial model
- Efficiency and effectiveness can include;
 - Estimated cost per tCO₂ eq. (total investment cost/expected lifetime emission reductions)
 - Expected volume of finance to be leveraged as a result of the GCF's financing, disaggregated by public and private sources

Efficiency and Effectiveness

- Financial adequacy and appropriateness of concessionality
 - Specify how the proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable
 - Is the level of concessionality reasonable/feasible and does it make the project viable?
- Amount of co-financing
 - The ratio of co-financing (total amount of the GCF's investment as percentage of project) should be provided and detailed
 - Any indirect or long-term investment mobilized as a result of the proposed activities should be detailed.
- Financial viability and other financial indicators
- Application of best practices and degree of innovation

Indicative Financing / Cost Information

- Financing by components: Provide an estimate of the total cost per component and disaggregate the source of financing, including;
 - Indicative total cost, GCF financing, co-financing
- Justification of GCF funding request
 - The concept note should include strong economic and financial justification for the grant elements and concessionality level that GCF provides
- Sustainability and replicability of the project; how the project/programme sustainability will be ensured in the long run and
 - how this will be monitored after the project/programme is implemented with support from the GCF and other sources

Supporting Documents

- The following additional information should be included;
 - Map indicating the location of the project/programme
 - Diagram of theory of change
 - Economic and financial model with key assumptions and potential stressed scenarios
 - Pre-feasibility study
 - Evaluation report of previous project/s
 - Results of environmental and social risk screening

Group exercise

1. Discussion (Part 1)

Identify a potential project idea for the purpose of developing a concept note;

- Is this a standalone project?
- How does it fit within the EWP and longer term programmatic intentions of your institution?
- Describe the project's alignment with the GCF Investment Criteria and [Integrated Results Management Framework](#).
- Assignment:
 - Identify the information and data needs for completing the concept note template

Group exercise

2. Discussion (Part 2)

Building on this project idea, as a group, reflect on what types of preparatory steps are required to bring your organisation into closer policy alignment with the GCF in preparation for programming this type of project idea. Consider:

- *Are there any known barriers that you expect?*
- *Are there any areas of policy alignment you think need to be prepared for?*
- *Who within your organisation needs to be appraised of these areas?*

Assignment: Complete Sections A and B of the GCF Concept note for your particular project idea and submit as a group. These sections cover:

- Project/programme summary
- Project/programme information

Additional reading

- [GCF Concept Note Users Guide.](#)
- [GCF Initial Investment Framework.](#)
- [GCF Handbook, Chapters I – III.](#)
- [GCF Integrated Results Management Framework.](#)



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