
Simplified Approval Process (SAP) funding proposal preparation guidelines

A practical manual for the preparation of SAP proposals



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v. 1.0

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Simplified Approval Process (SAP)

funding proposal
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Introduction

These guidelines have been developed to support GCF accredited entities (AEs) in the preparation of funding proposals under the simplified approval process (SAP) pilot scheme.

This document provides general clarifications on the indicative content expected in a SAP funding proposal submitted to the GCF. More specific guidelines on the type of activities by sector will be developed separately by the Secretariat.

This document refers to policies approved by the GCF Board in relation to the preparation of funding proposals, such as the results management framework, the performance measurement framework, the monitoring and accountability framework and the initial investment framework, among others.

Specific questions on the preparation of SAP funding proposals can be addressed by GCF AEs and the national designated authorities (NDAs) and focal points to the GCF SAP team (sap@gcfund.org) or directly to the author Mr. Demetrio Innocenti, Manager of the Simplified Approval Process (dinnocenti@gcfund.org).

Further information and resource materials on SAP can be found on the SAP on the GCF website: www.greenclimate.fund/how-we-work/sap

This publication refers to version 1.1 of the SAP funding proposal template. Please note that while this document will be updated over-time, it is possible that the future versions of the SAP funding proposal template, as well as the SAP Online Submission System, might refer to different headings and field identification numbers. The SAP funding proposal template is downloadable online at the GCF SAP webpage.

The GCF funding proposal package

- 1 This document offers general guidance on how to write a SAP funding proposal. Specific examples are provided in the context of what comprises a “typical” SAP project/programme (i.e. a grant or a loan supporting mitigation and adaptation actions that are considered to have minimal environmental and social risks).¹
- 2 It is assumed that the general concepts and terminology related to project cycle management are known to the reader. Several references are made to GCF policies, such as the GCF proposal approval process, results management framework and investment framework, among others. All policy documents can be found on the GCF website.
- 3 **Figure 1** displays the documents that compose the SAP funding proposal package for a GCF project or programme. The items in bold are considered compulsory. Inclusion of the other items listed may apply depending on the specific project or programme proposed.

FIGURE 1: SAP FUNDING PROPOSAL PACKAGE

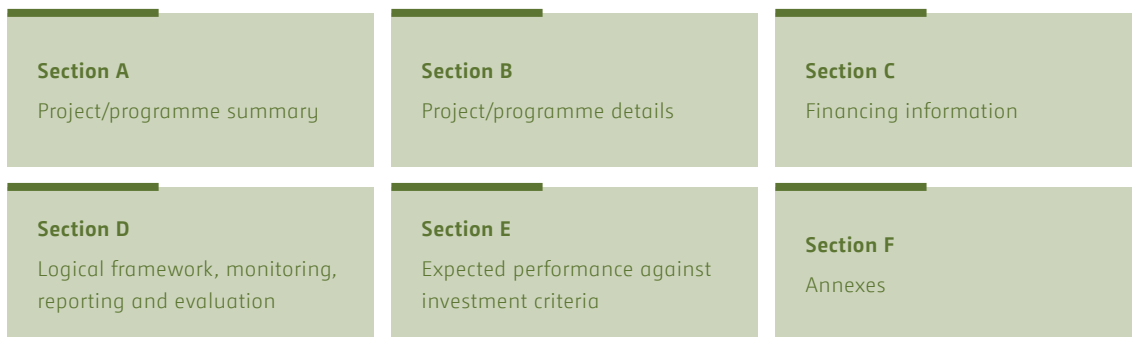
SAP funding proposal	Annex 1: NOL	Annex 2: Pre-feasibility study	Annex 3: Detailed budget
Annex 4: Gender assessment and action plan	Annex 5: Co-finance letters	Annex 6: Term sheet	Annex 7: Risk assessment and management
Annex 8: Procurement plan	Annex 9: Economic or financial analysis	Annex 10: Legal due diligence	Annex 11: Appraisal report and or previous evaluation reports
Annex 12: Environmental and social action plan	Other references (such as specific O&M plans)		

Abbreviations:
 NOL = letter of no-objection
 O&M = operation and maintenance
 SAP = simplified approval process

¹ GCF. 2018. *Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process*. Available at <https://www.greenclimate.fund/documents/20182/574766/Guidelines_-_Guidelines_for_the_Environmental_and_Social_Screening_of_Activities_Proposed_under_the_Simplified_Approval_Process.pdf/4df31b53-87bd-419a-9373-854047e3e87f>

- 4 **Figure 2** presents an overview of the six sections that compose a SAP funding proposal. Section F is a checklist of the annexes discussed above. This document will provide a detailed overview of each section.

FIGURE 2: SECTIONS COMPRISING A SAP FUNDING PROPOSAL



General tips

- 5 It is recommended that the paragraphs in the funding proposal body are numbered. This allows the Secretariat and the independent Technical Advisory Panel (TAP) to provide clearer and more rapid feedback on specific sections of the funding proposal during its review.
- 6 The official language of GCF is English. At the time of writing, no other languages were being accepted for the official submission of SAP funding proposals.
- 7 Governmental letters or other official documents can be presented in the original language, but a certified translation should be provided. Moreover, the quality and accuracy of the translation should be assured by the AE.
- 8 The funding proposal should be proofread when submitted to the Secretariat. During second-level due diligence and interaction with the Secretariat, the funding proposal text can change. Once it is confirmed that the funding proposal will proceed to the independent TAP, editing and quality checks should be carried out by the AE.
- 9 The writing style should be factual and neutral, limiting the use of adjectives and excluding subjective statements.

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- 10 The funding proposal package should be consistent in the information and figures that it provides across the funding proposal sections and annexes. Consistency and quality checks should be carried out before the formal submission of the funding proposal package to GCF.
 - 11 The SAP funding proposal template is designed to avoid the repetition of information contained in the feasibility studies or other annexes. It summarizes the main elements that emerged in project/programme preparation and allows for an analysis of the data and facts that guide the proposed logic of the project/programme, why it should be considered as a GCF project, its climate rationale and how it matches the GCF investment criteria.
 - 12 The Secretariat recommends that the SAP funding proposal be no more than 20 pages in length.

Section A – Project / programme summary

- 13 Section A is a structured summary of the main funding proposal elements and should be completed at the end of the process. The main elements of this section are as follows:
- a A.1 - As the SAP concept note is a mandatory step, this question must be answered positively and is asked for validation purposes only;
 - b A.2 – As SAP proposals must include minimal environmental and social safeguard impacts, this question is used to indicate the eligibility of the project as well as the possible need for an environmental and social action plan for any minimal risks and impacts associated with the project activities identified during the environmental and social safeguards screening process;
 - c A.3 - This is a descriptive feature to determine if the proposal is a combination of projects (programmes) within one or multiple countries;
 - d A.4 – The AE is asked to categorize, according to its own standards, if the proposal is from the public or private sector. If the proposal is considered to be a public-private partnership, it should be indicated next to the AE if it involves predominantly the public or private sector, and the appropriate box should be checked accordingly;
 - e A.5 – The entity should indicate the impact areas of the project or programme according to the GCF’s results management framework (annex IX to GCF/B.07/11)². In the forthcoming online version of the SAP template, the entity may be required to indicate how the project budget will be allocated to each targeted results area, for the portfolio reporting of the allocation of resources of GCF according to the thematic funding windows (adaptation and mitigation);
 - f A.6 and A.7 – The entity should indicate the total project cost (GCF + co-finance) and total GCF requested amount. The amounts should be consistent with the figures reported in sections C and D, as well as compliance with the SAP eligibility criteria, which states that GCF can provide a maximum of USD 10 million for an SAP proposal;
 - g A.8 – A proposal can blend different financial instruments. This section must be consistent with the information reported in section C;

² Available at <https://www.greenclimate.fund/documents/20182/239759/5.2_-_Results_Management_Framework__RMF_.pdf/a0558a59-ef20-4ba8-b90b-8d3ae0c8458f>

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- h A.9 – The entity is required to indicate, being consistent with sections A.5, A.6 and C, the percentage of the requested GCF funding associated with mitigation, adaptation or both in the case of cross-cutting interventions. For example, if a project/programme is only proposing activities related to the mitigation impact results areas, as specified in section A.5, the amount of GCF funding allocated to mitigation would be 100 per cent. If the proposal has both mitigation and adaptation impacts, according to the classification proposed in section A.5, the entity should assess how much GCF financing is allocated to the two themes proportionately and their percentage in relation to the GCF budget;
 - i A.10 – The entity must specify the expected implementation period, defined as the number of years/months from the effectiveness of the funded activity agreement between the entity and GCF and the end of the implementation (i.e. the completion date);
 - j A.11. – For proposals that invest in activities with an overall lifetime and a defined operation and maintenance (O&M) period, the project/programme lifespan is defined as the number of years until the end of the O&M plan. For loans, the overall reflow period should be indicated;
 - k A.12 – If the AE is governed by a Board or management committee that needs to approve the proposal, the expected date of this approval should be indicated. This is not applicable to all entities;
 - l A.13 – When the AE acts as an intermediary, the name and affiliation of the executing entity (EE) that is responsible for channelling GCF proceeds and directly implementing the project on the ground should be provided. For a single country proposal, it is typical to have only one EE. For multiple-country proposals or situations in which more than one EE is needed (in a programme, for example), all the EEs and their affiliations should be reported;
 - m A.14 – Scalability and the potential for transformation are qualitative eligibility criteria for an SAP proposal. This sub-section should briefly summarize how the proposal will scale up activities and interventions that have been proven to be successful in the context within which they are proposed or in the context of countries or regions of operations that have similar physical, social and economic conditions to the proposed project or programme area; and
 - n A.15 – This is an executive summary of the main elements of the proposal. As indicated in the template, it is suggested that the summary is broken into five paragraphs. This overall section should be no longer than 250 words.

Section B – Project / programme details

- 14 This is the key section used to explain the project/programme design. It is important that this section is clear and concise, respecting the word limits indicated in the template.
- 15 The section should clearly outline how the structure of the project/programme works, the cause effect relationships between the different levels of the logic model, the climate justification and the rationale of GCF involvement (GCF provides climate finance, not development finance).

B.1 CONTEXT AND BASELINE

- 16 This section sets the context within which the project/programme operates and consequently why the project/programme is needed. It summarizes the climate vulnerabilities and greenhouse gas (GHG) emission profile(s) of the country/countries where the project/programme intends to operate, and in particular the subnational areas where the activities are expected to be implemented. Here, reference should be made to relevant climate studies and models (e.g. Intergovernmental Panel on Climate Change reports) that describe the present and potential future climate threats to the targeted populations and environments.
- 17 This section should elaborate the baseline in terms of GHG emissions, for mitigation and cross-cutting projects, with reference to the methodology used for the estimation. For adaptation projects, the section should outline the main challenges to building resilience to climate change impacts.
- 18 This section should also briefly elaborate on the incremental cost reasoning that provides the justification to request GCF finance as well as information on how the proposal intends to remove the main root causes and barriers to climate resilient development pathways that are experienced by the beneficiaries and the country.
- 19 The section should build on the underlying theory of change (TOC) and could be described using the following elements:
 - a Description of the baseline scenario – the present situation – and the current and projected climate threats and consequences;

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- b Description of a “without project scenario” and/or “with a project that does not have climate resilient features in it”;
 - c Description of the scenarios (present and future) with the project successfully implemented and climate results achieved; and
 - d Reasoning on the with/without project scenarios comparison, including a description of incremental costs.
- 20 The level of detail should be moderate and reference to the annexes can be made to avoid lengthy explanation.

B.2 PROJECT / PROGRAMME DESCRIPTION

- 21 This section should be concise, well-structured and linked to section D and the annexed specific log frame for the project.³ This description should specify the cause effect relationships among activities, outcomes (components) and outputs (subcomponents) that are logically connected as well as how the overall components integrate with each other to achieve the stated objective.
- 22 A suggested outline of how to approach this section is to
- a Briefly restate the specific objective(s) and clearly explain the climate objective that the project will achieve through its components. The objective of the project should be aligned with the climate “paradigm shift” promoted by GCF, as outlined in the Governing Instrument for the GCF;⁴
 - b For each component, describe the results that will be achieved and, in bulleted points, detail the underlying activities and outputs for each component;
 - c Connect how each of the components contributes to the impact and outcome results of the GCF results management framework; and
 - d Conclude by showing how these components are integrating with each other, how they work together towards the stated objective, and how they connect with the TOC and remove the barriers identified and described in section B.1. The gender objectives can also be briefly described in this section as they fit into the activities, outputs and outcomes.

³ SAP annexes example templates are available at <<https://www.greenclimate.fund/how-we-work/sap/templates>>

⁴ Available at <https://www.greenclimate.fund/documents/20182/574763/Governing_Instrument.pdf/caa6ce45-cd54-4ab0-9e37-fb637a9c6235>

- 23 For clarity, number the components (outcomes) and related subcomponents (outputs) and activities (e.g. in a log frame). For example, component 1, subcomponents 1.1, 1.2, and activities 1.1.1, 1.1.2, 1.2.1 etc.
- 24 Focus on describing how the funding will be divided between resources from GCF and co-financiers. Be specific in describing the activities, outputs and results.
- 25 Quantify the estimates for outputs and activities. For example, provide information on the number of workshops to be held or hectares of forest to be planted/restored, etc.
- 26 Brief reference should also be made to how the proposed intervention scales up activities already implemented in the country and the context of the operation (e.g. by previous projects financed by other climate donors, such as the Adaptation Fund or the Global Environmental Facility). In an annex, the previous final evaluation of those projects that the SAP proposal intends to scale up can be reported.

B.3. INSTITUTIONAL/IMPLEMENTATION ARRANGEMENTS

- 27 How the implementation arrangements are set up has a direct impact on the term sheet and the funded activity agreement. One of the crucial elements of this section is to describe the flow of funds from GCF to the final recipients, the actors/intermediaries involved, their roles and responsibilities, and how the AE guarantees oversight and control of the process.
- 28 As annotated in the template, the following two organizational charts are required (or one organizational chart showing both sets of information) to visualize the implementation/institutional arrangements:
 - a Implementation structure showing all the actors involved; and
 - b Financial flows (and reflows depending on the financial instrument(s) used) between the AE and EE(s), and between EE(s) and other implementing partners.
- 29 Details on the agreements that will be made with the EE(s) and due diligence that the AE carried out on the capacity of the EE(s) to administer GCF funds should be provided. This includes information on the EE fiduciary standards and the policy in place for procurement, environmental and social safeguards, etc.

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- 30 As well as the EE, the project/programme might have implementing partners. It is necessary to specify if these implementing partners will receive funds, what their role in the project will be (Including roles in terms of following up on the gender-related activities) and how they will be supervised.
- 31 GCF expects that all services will be procured according to the procurement policy and standards of the AE. If there is a transfer of funds to these implementing partners (that are not EEs), it is recommended that there is a clear description of why these partners are needed, their institutional mandate and capacity to manage funds.
- 32 In public sector projects, a typical structure for the implementation and governance arrangements would be the following:
- a A Steering Committee (SC) – usually composed of representatives of the institutions involved, including the GCF NDA, representatives of the beneficiaries, (including women’s associations and indigenous peoples groups), civil society organizations, the private sector and academia. Some of these stakeholders can have observer roles. The SC should meet at least once a year. Its role is mainly to provide oversight and guidance to the project implementation. The AE should be part of the SC and should represent the interests of GCF. In the case of programmes that involve multiple countries, there might be one regional SC and multiple national SCs for each of the targeted countries. Make sure to highlight gender and inclusion considerations when finalizing the composition of the SC.
 - b A Project Implementation Unit (PIU) – the team that implements the project and takes management decisions daily. Its composition can vary from project to project in terms of specialists and expertise that should form the team. Typical roles that are expected in the PIU are as follows:
 - i Project Director/Coordinator – the team lead, expected to have senior management experience in previous similar roles and experience in the country/countries in which the intervention operates;
 - ii Chief Technical Adviser and, as necessary other more junior technical advisers, including engineers, meteorologists, agronomists, or other technical experts that are responsible for the quality and technical soundness of the technologies and solutions applied;
 - iii Monitoring and Evaluation Specialist;

- iv Financial and Procurement Specialist; and
- v Other specialists (please specify);

It is the role of the AE, in coordination with the NDA, to propose the professional profiles that are needed in the specific project. In the pre-feasibility study, it is good practice to provide an explanation of the role of the PIU and to include the envisaged terms of reference for the team as an annex;

- c A description of the role of the identified project partners, their mandate and specific tasks they complete during the implementation;
 - d A description of the role of the beneficiaries (especially for community-based interventions, ensuring the effective, equal and meaningful participation of women and men); and
 - e Some projects also propose to establish a redress mechanism that would independently monitor and react to any issues or complaints raised by beneficiaries of the project. This is recommended if the project operates in areas where indigenous people and minorities are present.
- 33 Finally, contracts or arrangements for the post-implementation, such as the O&M plans, should also be described in this section and should reference annexes such as O&M plans or commitment letters.



Section C – Financing information

C.1 TOTAL FINANCING

- 34 Subsection (a), provides information on the amount of finance requested from GCF (which cannot be higher than USD 10 million for SAP). The amount should be given beside the corresponding financial instrument and currency. GCF SAP financing, like all standard funding proposal financing, can be deployed as grants, loans, equity, guarantees and other instruments. A proposal can use more than one financial instrument, such as loans blended with grants for technical assistance activities. If debt instruments, such as loans, are required, their tenure and interest rate/pricing should be indicated and applied according to GCF financial terms and conditions (annex II to GCF/B.09/23)⁵.
- 35 Subsection (b) requires the same type of information as (a) but refers to the institutions that provide co-finance to the project. The seniority column refers to co-financers that use loans. In such cases, the loans can be either pari passu, senior or junior in relation to the GCF position.
- 36 Subsection (c) is the sum of (a) and (b). In other words, the total cost of the project/programme.
- 37 Subsection (d) refers to the overall co-financing ratio, it is obtained by the ratio of (b), the non-GCF financed part and GCF financed amount in (a). For example, if it is an SAP proposal of USD 20 million, where GCF is requested to finance USD 8 million (with a co-finance of USD 12 million), the ratio to be indicated is 1:1.5.
- 38 Section (e) is for other information that could be relevant. For example, if a third institutional party provides a guarantee to the loan delivered by one of the other non-GCF co-financers.

⁵ Available at <https://www.greenclimate.fund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board___Ninth_Meeting_of_the_Board__24_-_26_March_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef>

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- 39 Note on currency: GCF can provide financing in United States Dollars (USD) or Euro (EUR), Great British Pounds (GBP) and Japanese Yen (JPY). If requesting in another currency and then providing a converted figure in dollars or euros, a footnote or a paragraph below the table should refer to the date when the currency conversion was performed and the reference source (for example United Nations' exchange rates) for the operating currency in the country. If commitments from the government(s) are in local currency, assure that the same rate of exchange is applied in the annexes and other sources.
- 40 Note: at the time of writing, GCF had no co-financing policy,⁶ however, a certain level of co-finance is an advantage. For example, in mitigation projects, leverage ratio (meaning how much co-finance is provided by the project against each dollar provided by GCF) is a core indicator and a subcriterion in the efficiency and effectiveness investment criterion. For adaptation, co-finance is expected to cover non-climate investments needed for the project.
- 41 Note: the budget requested from GCF is net of the fees of the AE. AE's must comply to the GCF's policy on fees (annex VIII to GCF/B.19/43)⁷. As the maximum amount of finance that can be requested from GCF is USD 10 million, the specified maximum amount that can be requested for SAP grants in the public sector is up to 8.5 per cent of the requested GCF amount. If the request is a loan for the public or private sector, the fees will be negotiated on a case-by-case basis.

C.2 FINANCING BY COMPONENT

- 42 The table in this section provides the breakdown of the expenses by components and outputs. "Components" refer to what is often known as "outcomes" in the log frame hierarchy and in the general description of the specific objectives of the proposal.
- 43 Broadly speaking, this table should be developed once the entire budget and log frame has been structured. There should be consistency between the information provided in this table and that contained in the other sections and annexes (logic framework, budget details and term sheet).

⁶ This means that co-finance could be from a direct cash contribution from other sources, an in-kind contribution and, to a certain extent, parallel finance.

⁷ Available at <https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_43_-_Decisions_of_the_Board_nineteenth_meeting_of_the_Board__26_February__1_March_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c>

- 44 GCF requests that a detailed budget is submitted as an annex. An example (annex 3) of how the budget should be presented is available on the SAP webpage on the GCF website⁸. The template includes instructions/illustrations on how to fill it out.
- 45 For GCF portfolio-level reporting purposes, highlight in the text below the table the amount that is devoted to capacity-building and technology development/transfer related activities.
- 46 For private sector proposals dealing with project finance, include a diagram in this section clearly detailing the actors and processes involved in the financial structure of the deal, with the flow of GCF finance and the other co-financers clearly indicated.

C.3 JUSTIFICATION FOR GCF FUNDING REQUEST

- 47 This section should be succinct and specific, and should include the following elements:
- a A discussion on how the SAP proposal relates to the mandate of GCF and a rationale of why the GCF contribution covers climate related expenses and not development or other type of expenses (i.e. climate rationale);
 - b Elaboration through examples and explanations on how the incremental costs have been estimated based on the information provided on incremental reasoning in B.1 (this is the part of the costs for which GCF proceeds should be employed);
 - c Briefly refer to the contribution to the nationally determined contribution and other policies (national adaptation plans, nationally appropriate mitigation actions or national adaptation programmes of action in the case of climate service projects); and
 - d Justification for the concessionality requested. This is a key element of GCF appraisal, at all stages: the Secretariat, the independent TAP and the Board. The request for grants must be justified considering the following discussion elements:
 - i Economic status of the country: this should be quoted in case the project operates in a country/countries classified (by the World Bank, for example) as part of the low-income group;
 - ii The typology of the countries versus the GCF geographical priority areas: the Board has referenced Africa, small island developing States and the least developed countries as priority groups for GCF. If the target country/countries is/are part of those groups, it should be clearly outlined;

⁸ <https://www.greenclimate.fund/how-we-work/sap>

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- iii Level of country's external debt: International Monetary Fund data can be used to analyse and report on the capacity of the beneficiary country/countries to absorb more debt from international lenders. (If the capacity to further borrow is limited, this reference could also apply to middle-income economies);
 - iv The nature of public good of the services provided: for example, climate observation systems and many climate services fall into situations of market failure and would not be covered through private investments;
 - v Income-generating capacity: in developing countries, it is typical to have scarce capacity to generate revenues, especially in climate services, at a level that can assure repayment of the capital invested; and
 - vi Contribution towards achieving the gender, environmental and social and indigenous peoples policies of GCF.

C.4 EXIT STRATEGY AND SUSTAINABILITY

- 48 Below some elements are listed that could be presented in this section to make the case for a GCF exit strategy and to demonstrate the long-term project sustainability:
 - a Explain how the project supports the capacity of the institutions involved, including a concrete strategy for staff retention and sustainability indicators;
 - b Highlight how ownership of the beneficiaries is established, both for community members and institutions;
 - c Showcase how the project invests in technologies that are sustainable and suitable in the local context; and
 - d Discuss how the project supports policies and/or regulatory frameworks that impact the sustainability of the results in the long term.
- 49 Finally, in certain circumstances (e.g. when investing in equipment and infrastructure) the proposal should refer to the O&M plan, which should come as an annex to the funding proposal. It is important that for those O&M expenses that will be incurred following project completion, a letter of commitment from relevant institutions and/or financiers is provided as an annex to the proposal.

C.5 FINANCIAL MANAGEMENT AND PROCUREMENT

- 50 This section should include a description of the project/programme’s financial management, including applicable financial accounting and auditing standards, flow of funds and disbursement arrangements, audit requirements and procurement arrangements (details on procurement in annex 8 to the SAP funding proposal template). There should be an explanation of how the AE will ensure that its fiduciary standards (based on its accreditation type) are adhered to.
- 51 The section should cover elements such as: the methodology and frequency of the periodic financial reviews; the reporting of the project expenditures, including the audit requirements and frequency, to ensure that funds are used for their intended purposes.
- 52 The AE can briefly elaborate on the following:
- a Its own rules and regulations on financial management and procurement, as well as its track record in similar projects. Reference to relevant documents and procedures can be provided through hyperlinks to websites (the funding proposal is published in electronic form on the GCF website, unless otherwise specified by the AE) or by adding extra annexes where these relevant documents are reported; and
 - b As the field implementer will be the EE, reference should be made to due diligence performed during project preparation and the assessed capacity of the EE to manage the amount of finance provided through the GCF project. The AE should include who carried out the capacity assessment, the date of the assessment and a statement as to whether the AE deems the EE to have adequate capacity to administer the funding provided. The AE should also describe how it will supervise/monitor the operations of the EE and obtain the necessary financial reports.



Section D – Logic framework and monitoring, reporting and evaluation

- 53 This section must be completed; it requires knowledge of and background information on GCF policies, such as the results management framework and performance measurement framework (Annex VIII to GCF/B.08/45)⁹. The starting point is the logic of action (as described in the TOC) and the logical framework of the project/programme.
- 54 Once the specific logical framework of the project/programme is defined, the higher level of the project logical framework should be associated with the GCF impact and outcome results. Only at this stage can this section be developed.
- 55 As the section summarizes the entire funding proposal logic of action, it is important that it is consistent with sections B, E.1 and E.6.

D.1 PARADIGM SHIFT OBJECTIVES AND IMPACTS AT THE GCF LEVEL

- 56 Following the selection of the relevant main paradigm shift contribution, there should be a brief recap of how the project contributes to either resilient development or low-emission paths (or both). This subsection should present a concise narrative of the effect that the removal of the barriers identified in the TOC, will impact climate and the long-term sustainability of the project results.

D.2 AND D.3 – IMPACTS/OUTCOMES MEASURED BY GCF INDICATORS

- 57 For both GCF impact and outcome results, once selected in the first column, the rest of the table should provide information in the row of each selected result as follows:
- a Select the appropriate impact result that is consistent with section A. It is required that at least one indicator of the GCF performance management framework is reported;

⁹ Available at <https://www.greenclimate.fund/documents/20182/239759/5.3_-_Performance_Measurement_Frameworks__PMF_.pdf/60941cef-7c87-475f-809e-4ebf1acbb3f4>

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- b Describe the means of verification that the project will use in order to report against each selected indicator. (For example, the regulator monitoring report developed by the Project Implementation Unit, or a regularly produced governmental report from which information on the impact or the outcome that can be attributed to the project can be derived.);
 - c Baseline, this should be the quantifiable starting point of the indicator. Usually the baseline of impact and outcome indicators are set at zero, otherwise there should be an indication of why the baseline has a higher value than zero;
 - d Targets refer to where the selected indicator is expected to be at the midpoint of the project and at the end of the implementation period. Where relevant, these should be disaggregated by sex and by vulnerability (indigenous people, minorities, etc.); and
 - e Assumptions should be formulated as externalities that should be in place for the result/output to be achieved (e.g. “communities confirm their willingness to participate in training and take appropriate actions once reached by the early warnings”).
- 58 In addition, annex 2a to the SAP should report information on the project-specific logical framework. There should be a clear understanding of how the project-level outputs and activities relate to the outcomes reported in this section of the funding proposal. It is a good practice to sub-number outputs and activities so that it is clear which outcome they (mainly) contribute to.
- 59 At the level of the annex, keep the number of indicators at a manageable level and follow the SMART rules¹⁰ when defining them. In addition, check for consistency between the definition and the unit of measure proposed. Results should demonstrate gender-related outcomes, outputs and activities.

D.4 ARRANGEMENTS FOR MONITORING, REPORTING AND EVALUATION

- 60 This section should contain the following elements:
- a A plan for the submission of the annual performance reports in line with the GCF monitoring and accountability framework;
 - b A plan for the internal monitoring and reporting system that the project will set during the implementation phase. Providing information on the process that will be in place to ensure that the EE(s) will report and collect data on the relevant indicators;

¹⁰ SMART indicators are Specific, Measurable, Attainable, Realistic and Timely (OECD 2010).

- c A description of the role of the PIU in the daily monitoring activities, highlighting if the unit contains a devoted Monitoring and Evaluation Specialist; and
 - d Information on the timing and role of the mid-term evaluation and final evaluation. These are expected to be independent evaluations for which external evaluator's or firms will be engaged. Also, specify how the findings of the midterm and final evaluation will benefit the project, or its scalability in a second phase. These processes are also expected to place attention on reporting on cross-cutting issues such as gender.
- 61 If applicable, describe how the project/programme's design has taken steps to implement a perspective impact evaluation and the methodology that is envisaged to carry out this type of evaluation (experimental and quasi-experimental methods). This is currently an emerging request from the GCF Independent Evaluation Unit.
- 62 It is good practice to specify that in the post-implementation phase, the institutions that will take over the outcomes of the project will carry out regular monitoring of how the results are maintained over the lifespan of the equipment.
- 63 Annex 2b should present a plan with the estimated timing by when the outcomes and outputs (consistent with the section above and annex 2a) are expected to be delivered, including the timing of the midterm and final evaluations.



Section E

- 64 Section E is the reference point for the assessment findings of the Secretariat and the independent TAP. However, deliberations on the quality of a GCF funding proposal also depend on how the other sections have been described.
- 65 Important elements to consider while developing this section are the following:
- a This section is not a repetition of what has already been presented in other sections. It is an analysis of what emerged from the project preparation phase, the proposed design and the underlying TOC through the lens of the GCF investment framework (annex III to GCF/B.09/23)¹¹; and
 - b The content of this section should be succinct. The intention is to showcase how the proposal answers the subcriteria of each investment criterion and how it complies with the indicative assessment factors of the investment framework.
- 66 A table is reported for each of the criterion with performance questions that could be used to guide the topics to be covered.
- 67 At the time of writing, GCF investment criteria were all deemed of equal importance.
- 68 Note: only those SAP proposals that have been assessed to be thoroughly prepared, compliant and technically sound by the Secretariat and the independent TAP are presented to the Board. The clarity of how the proposal addresses the six investment criteria is therefore pivotal to its approval.

E.1 IMPACT POTENTIAL

- 69 This subsection should start with an introduction of the impact potential elements that the funding proposal intends to achieve. Impact is not a simple output, such as 20 new automated weather stations installed, it is the change that delivering those outputs produces for institutions and beneficiaries. For example, the expected reduction of mortality rates and economic losses due to improved early warning systems that can be attributed to the activities and output released by the SAP proposal presented.

¹¹ Available at <https://www.greenclimate.fund/documents/20182/239759/Investment_Framework.pdf/eb3c6adc-0f24-4586-8e0d-70aa6fb8c3c8>

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- 70 The table in this section should report the core indicators for mitigation and adaptation. For cross-cutting funding proposals, both core indicators should be estimated.
- 71 If the funding proposal contributes to mitigation results, the estimated reduction of GHG emissions on an annual basis and “lifetime” should be presented (“lifetime” refers to the lifespan of the investment, which is usually much longer than the implementation period).
- 72 For the estimation of GHG emissions reduced or avoided, there should be reference to the methodology applied. No specific guidance is provided from GCF on GHG methodologies that should be preferentially used over others. It is expected that the AEs employ known and credible methods. Normally Clean Development Mechanism or other international standards such as those used by international financial institutions are the most accepted methodologies. The specific calculation and details on the assumptions can be reported in an annex or in the feasibility study. In this funding proposal section, it is sufficient to refer to the methods used and the annex where the detailed calculation can be found.
- 73 It is a good practice, during project/programme preparation, to collect information on other similar projects/programmes implemented in the target country/countries. Benchmark the funding proposal’s core indicators and expected impact with those other interventions. The intention is to show that the proposed funding proposal performs comparably or better than those benchmarks. A credible benchmarking helps the assessment of the Secretariat and the independent TAP and can increase the Board’s confidence on issues such as the “value for money”.
- 74 The adaptation core indicator- Expected total number of direct and indirect beneficiaries, disaggregated by gender (reduced vulnerability or increased resilience); Number of beneficiaries relative to total population, disaggregated by gender – is composed of two parts and the gender disaggregation, and concerns the following:
- a The number of direct and indirect beneficiaries. An explanation of the method applied for distinguishing between direct and indirect beneficiaries should be provided in the field below the table. This distinction is in relation to the intensity of the project benefits that can be different for certain groups compared to the others;
 - b The percentage¹² of direct and indirect beneficiaries, usually against the country’s population. For countries with large populations, it is strategic to also refer to the percentage of beneficiaries against the total population of subnational administrative areas, such as provinces or regions; and

¹² The reference to “number of beneficiaries relative to the population” should be expressed as percentage.

- c The gender disaggregation, especially in the case of projects with large numbers of beneficiaries, would likely be an estimation (for example 50 per cent women). Yet, there might be some specific activities that target women rather than men. So, in terms of direct beneficiaries, differences could be observed and should be reported.

75 **Figure 3** provides some guiding questions to be considered while developing section E.1.

FIGURE 3: GUIDING QUESTIONS FOR SECTION E.1

CLIMATE CHANGE ELEMENT	TIMEFRAME OF RESULTS	POTENTIAL MITIGATION/ ADAPTATION IMPACTS
<ul style="list-style-type: none"> • Are climate change mitigation and adaptation needs adequately/sufficiently justified in this project, taking into account developmental needs and national circumstances? • Are the key expected targets and indicators aligned with the GCF performance measurement framework (PMF), including the Board-adopted indicators? • Taking into account the information provided in the funding proposal, are the estimated targets against the PMF core indicators accurately estimated and calculation methodology(ies) provided? • Is the project design considering climate change vulnerability assessment at the local level or country level? (Adaptation only) 	<ul style="list-style-type: none"> • Are most of the more critical results expected to be achieved during project implementation? Which ones? • Which are the results expected to be achieved in the medium and longer terms following the completion of the implementation? 	<ul style="list-style-type: none"> • Considering the information provided in the funding proposal and feasibility study, are the proposed project interventions assessed to be the most suitable and feasible mitigation/adaptation options? • How does the reduction cost of the greenhouse gas emissions/percentage of beneficiaries compare to other benchmarks in the same sector/country/community of operation? • If the project invests in durable goods, how are the proposed measures avoiding lock-in infrastructures or systems and ensuring climate-proof results?

E.2. PARADIGM SHIFT POTENTIAL

- 76 This section should refer to the TOC. Through the TOC, the GCF and independent TAP reviewers understand how the project intends to remove the barriers that prevent transformative change and how the action promotes a paradigm shift. It is good practice to add a chart that shows the TOC model and summarizes how the project removes barriers to climate resilience and green growth in the long run and how gender issues are addressed.
- 77 This section should present the current situation, what is envisaged at the end of the project and the changes in the medium and long terms from the project closure that can be attributed to the project-specific results.
- 78 This section should also discuss the potential for scalability/replicability. Since the SAP is expected to scale up a previous investment that was evaluated successfully, a summary of the main elements that have driven the success of the previous project should be briefly provided. Details can refer to the pre-feasibility study and, if applicable, to the final evaluation report of the previous project(s) upon which the proposed SAP is building.
- 79 An element associated with the scalability/replicability discussed in the previous subsection, is the capacity of the project to generate knowledge and lessons that can be applied to future climate intervention in the country where the project is implemented as well as in others.
- 80 Knowledge management should be discussed as well as other elements, such as:
- a Knowledge transfer: be specific on the type of knowledge built and how it will be transferred to institutions and beneficiaries. This can include an explanation on how training promotes behavioural changes both in the beneficiaries as individuals and the institutions;
 - b Explain how the capacity transferred is going to be sustained or self-sustained following GCF exit (example of training of trainers, etc.);
 - c Showcase how the use of new technologies will support knowledge management and transfer (databases, e-courses). If applicable, explain how the project can transfer knowledge to future projects/programmes in other countries (e.g. South–South cooperation); and
 - d Refer to the role of the mid-term review and final project evaluation in showing how lessons from the implementation will be captured and used.

- 81 Other elements to be discussed, as applicable, could be how the intervention is expected to ignite private sector investments or how it could have wider economic impacts.
- 82 **Figure 4** provides further guidance on the development of the paradigm shift potential narrative.

FIGURE 4: GUIDANCE TO DEVELOP THE NARRATIVE ON PARADIGM SHIFT POTENTIAL

COMPREHENSIVENESS & INNOVATION	ENABLING THE ENVIRONMENTAL SUSTAINABILITY OF THE OUTCOMES	REPLICABLE AND SCALABLE/KML
<ul style="list-style-type: none"> • Are the project elements well aligned and presented to respond to the proposed theory of change and its result chain? • Does the proposal provide innovative solutions? / Does the proposal build on previous experience proved by evidence-based evaluations? • If innovation is lacking in the proposal, is it justified with the proposed type of investment in the proposal? 	<ul style="list-style-type: none"> • Is an enabling environmental strategy for the sustainability of the outcomes in place and clearly defined in the proposal, including the financial strategy? • Are the behavioural changes of institutions/communities/ individuals considered and explained? 	<ul style="list-style-type: none"> • Are other areas of potential replication and/or scale-up identified within or outside the country? • Does the proposal provide a framework to share knowledge and contribute to replication and/or scale-up? • Is the project mainstreaming climate change adaptation/mitigation measures into policies/laws, sectoral and national strategies and decision-making processes at the national/regional/local level?

Abbreviation: KML = Knowledge Management and Learning

E.3. SUSTAINABLE DEVELOPMENT POTENTIAL

- 83 As discussed, the GCF mandate is to finance climate-related costs. This includes climate-proofing a development project or bearing the additional costs that could stem from switching a traditional investment into a green “low-carbon” one. Yet, in doing so, there is the potential to achieve several development co-benefits, of an environmental, social and economic nature. This subsection should spell out what these co-benefits are. If possible, it should quantify them against the current baseline.

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- 84 Explicit reference to the commitment and status of the country/countries to the relevant United Nations Sustainable Development Goals can be mentioned at the start of this subsection.
- 85 Specify funding proposal subparagraphs against each development co-benefit expected. The indicative content can be as follows for a typical AE proposal:
- a Environmental: for example, if the SAP proposal promotes climate services/early warning systems and disaster risk reduction there are usually co-benefits on protecting ecosystems, land degradation and environmental assets from climate-related hazards;
 - b Economic: if possible, studies quantifying the potential economic return should be quoted or impact on the creation of short and long-term job opportunities should be included; and
 - c Social: Social benefits can stem from the avoidance of losses from several adaptation projects or improved livelihoods conditions of the beneficiaries. Examples can also be provided on the impact on the health and education of the beneficiaries as well as food security conditions.
- 86 A paragraph on gender is required as part of this subsection. This should be very succinct and should refer to the gender assessment findings for details (annex 4 to the SAP).
- 87 **Figure 5** (page 27) provides guiding questions for the content of this section

E.4. NEEDS OF THE RECIPIENT

- 88 For projects in adaptation, it would be important to discuss how communities, especially those most vulnerable, will benefit from the intervention.
- 89 This is related to information already provided in the previous sections, and especially the paradigm shift section. It should refer to the TOC where financial, social and institutional barriers have been described. It should not repeat what has already been said but rather positively summarize the action–reaction link between the outputs of the project and the removal of barriers to transformational change.
- 90 It should also make a point of the durability and sustainability of the solutions proposed by the intervention for the country/countries, institutions (public or private) and beneficiaries (households, small and medium-sized enterprises, etc.) that the project intends to support.

FIGURE 5: GUIDING QUESTIONS FOR THE SUSTAINABLE DEVELOPMENT SECTION

ENVIRONMENTAL	ECONOMIC/SOCIAL	GENDER/INCLUSIVENESS
<ul style="list-style-type: none"> • Is the project expected to promote positive environmental externalities (e.g. air quality, soil conservation, biodiversity, etc.)? • Is there a system to quantify positive environmental externalities that can be monitored? 	<ul style="list-style-type: none"> • Is the project expected to increase linkages among economic and social actors, such as the private sector and academia? Public? • Is the project expected to increase low-emission and climate-resilient productivity in the development process? • Is the project expected to reduce losses and/or induce financial benefits? • Is the project expected to contribute to improving health, safety, education, regulation or cultural preservation? 	<ul style="list-style-type: none"> • Does the project adequately address the different needs of women and men in order to address inequality in climate change vulnerability and risks? • Does the project adequately address the needs of women and men in order to address other types of inequalities (non-climate change related)?

91 **Figure 6** further provides guiding questions for the development of this section.

FIGURE 6: GUIDING QUESTIONS FOR THE NEEDS OF THE RECIPIENT SECTION

ECONOMIC AND SOCIAL NEEDS	FINANCIAL NEEDS	INSTITUTIONAL NEEDS
<ul style="list-style-type: none"> • Are target beneficiaries and their productive assets exposed to risks derived from climate change? Which of these risks are targeted by the proposed project/programme? 	<ul style="list-style-type: none"> • Are national and local resources limited and is GCF funding expected to overcome specific barriers (financial, etc.)? 	<ul style="list-style-type: none"> • What is the result of the capacity assessment of the institutions that will benefit from the project intervention? What are the areas that need to be strengthened?

E.5. COUNTRY OWNERSHIP

- 92 This section should demonstrate how the proposal is aligned and contributes to national climate change strategies (e.g. nationally determined contributions, national adaptation plans, national adaptation programmes of action and nationally appropriate mitigation actions) and other relevant policies (economic strategies, development policies and plans, disaster risk reduction policies, etc.) as well as regional or international commitments that can be related to the outcomes of the project (e.g. the Sendai Framework, energy4all, etc.)
- 93 This section should describe the experience of the proposing AE in the specific sector(s) in which the proposal invests in the country/countries proposed for the implementation. The “comparative advantage” of the AE in this type of intervention should emerge and be shown through examples. Reference should be made to the quality and skills of the staff that are envisaged to support the project (also at headquarters and regional office levels).
- 94 In another paragraph of this subsection, there should be a succinct description of why the proposed EE(s) is/are best suited, in the context of the country, for implementation. This part can refer to what was reported in the implementation arrangements (section B) and the due diligence of the EE financial management capacity to administer GCF proceeds (e.g. track record of managing similar sized of funding).
- 95 Reference should be made to the track record of the EE(s) in implementing similar projects. The specific capacity of the EE(s) to operate in the targeted districts/provinces should also be indicated (especially if it is a national entity). For example, if the EE(s) is/are a line ministry/ministries, such as the Ministry of Agriculture, the indication of the presence of sub-offices (at provincial or district level) of the EE in the field should be reported, too. Capacity in terms of staff and skilled labour should also be noted. It should highlight the technical capacity in addressing gender (how it is dealt with) as well as possible emerging risks related to environmental and social safeguards, including indigenous people.
- 96 There should be references on how the NDA was involved in the design of the intervention.
- 97 There should be a brief description of who the other stakeholders are (international, national and local) and the role they will play in the intervention. The pre-feasibility or other annexes can be used for additional details.

- 98 It is important to indicate that stakeholder consultations, involving the beneficiaries and the other relevant players (local government units, civil society organizations, the private sector, academia, etc.), took place during the preparation phase and that there is an annex (stakeholder engagement report) that details how their inputs have been captured and featured to the extent possible in the design of the project/programme. In the consultation and related reports detail how men and women's representatives and indigenous peoples groups meaningfully participated in these discussions.
- 99 If there are other projects financed by GCF, especially those in related areas of action, a connection should be made on how the intervention will assure synergy and avoid duplication.
- 100 **Figure 7** (page 33) presents some guiding questions for the development of this criterion.

E.6. EFFICIENCY AND EFFECTIVENESS

- 101 Within this investment criterion there are elements of critical importance for the second level due diligence of the Secretariat, the independent TAP and ultimately the Board.
- 102 This criterion requires two core indicators for mitigation and cross-cutting proposals:
- a The estimated costs per tonne of carbon dioxide equivalent indicator is guided in the template. It is important to refer to how the project performs in terms of its cost of GHG emission reduction against a benchmark that can apply in the same sector and country of operation; and
 - b The expected volume of finance indicator is also guided in its estimation in the template. No specific benchmark of co-finance is indicated by GCF, in general, the higher the amount that GCF finance can leverage from the other sources, the better the assessment will be.
- 103 Another element of discussion expected in this section is concessionality.¹³ The level of concessionality is expected to be appropriate according to:
- a The nature of the activities proposed: are they producing public goods for which there is a market failure?;

¹³ GCF has guidelines on the level of concessionality: annex II to document GCF/B.09/23 available at <https://www.greenclimate.fund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board___Ninth_Meeting_of_the_Board__24_-_26_March_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef> and annex III to document GCF/B.05/23 available at <https://www.greenclimate.fund/documents/20182/24937/GCF_B.05_23_-_Decisions_of_the_Board_-_Fifth_Meeting_of_the_Board__8-10_October_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3>.

FIGURE 7: GUIDING QUESTIONS ON THE COUNTRY OWNERSHIP SECTION

POLICY ALIGNMENT AND SUPPORT	IMPLEMENTATION CAPACITY	OWNERSHIP/STAKEHOLDER CONSULTATIONS
<ul style="list-style-type: none"> • Climate change policies: is the project well aligned with national policies, strategies and plans related to climate change (e.g. NDC, NAMA, NAPA, NAP, TNA, etc.)? • Other policies: is the project well aligned with the national strategic development plan (e.g. socioeconomic development plan, poverty reduction plan, sectoral strategies, etc.)? • Complementarity and coherence: has the project been adequately coordinated with ongoing and planned similar projects, including GCF projects? • Gender action plans policies if they exist 	<ul style="list-style-type: none"> • Does the AE have a strong record in key sector-specific elements of the project to implement it? • Does the AE have a field office and/or adequate staff in the countries to supervise the project? • Does the AE have relevant experience in the country, in terms of similar project funding amounts in the sector, and working with the selected executing entity/entities? • Is the organizational mandate of the EE aligned with the project? • Does the EE have the capacity to manage the project, including procurement, coordination, E&S and gender, etc.? Was a financial management capacity assessment done and are results provided? • In case the capacity of the EE is not proven, has an action plan/strategy/measures to build its capacity been provided or included in the funding proposal? 	<ul style="list-style-type: none"> • Does the project place decision-making responsibility in a country's relevant institutions and use the domestic system to ensure accountability? • Is the level of non-national actors minimized, and, if present, is it well justified? • Is there evidence that the funding proposal has been prepared in consultation with civil society organizations, and other relevant stakeholders (provincial, local, private sectors, etc.)? • Have the views of women and vulnerable groups (including those of indigenous peoples) been considered during the development of the funding proposal? • Is a stakeholder engagement plan provided, and does it identify key partners? Is the provided plan assessed to be comprehensive and sufficient?

Abbreviations: AE = accredited entity, EE = executing entity, E&S = environmental and social, NAMA= nationally appropriate mitigation action, NAP = national adaptation plan, NAPA = national adaptation programme of action, NDC = nationally determined contribution, TNA = technical needs assessment.

- b Income-generating capacity of the project deliverables is the income-generating capacity of the services released as result of the intervention enough to recover the capital investment?;¹⁴
 - c The national context: is the intervention implemented in a least developed country or a highly indebted economy? (Reference should be made to the country's capacity to borrow from capital markets or its ceiling towards international lenders such as the International Monetary Fund);
 - d The specific local context: is the project targeting vulnerable and low-income districts/communities? Who in particular is most vulnerable?
- 104 If economic and/or financial analyses are expected as annexes to the proposal,¹⁵ the expected economic internal rate of return /financial internal rate of return, the net present value and the sensitivity analysis performed should briefly be mentioned. Details and calculations should be in the relevant annex. Economic and/or financial analysis and its results are one/some of the specific sub-criteria of the efficiency and effectiveness criterion. Therefore, the Secretariat usually requests economic and/or financial analysis for private sector proposals. For public sector proposals, the AE does not have to submit the analysis if cost-effectiveness can be demonstrated through some of the other means described in section E.6, or if the proposal's benefits are difficult to quantify due to the nature of the activity (e.g. capacity-building).
- 105 This section can also discuss the financial and economic sustainability of the project/programme. As in section C, the presence of a credible O&M plan and letter of commitment should be mentioned in this section. This is an indicative factor of the potential long-term sustainability of the proposed investment.
- 106 Other aspects to consider in this session could be a reflection on whether the technology/solutions proposed have been tested and proven to working in the targeted country/countries or in another comparable country/region.

¹⁴ The argument on the lack of income generation should mainly refer to capital investment. If there is no financial viability there is no reason to implement the project, as the "climate good" and equipment will not be maintained.

¹⁵ The financial internal rate of return assesses the financial incentives and sustainability of projects that generate financial reflows. The economic internal rate of return also assesses the overall cost effectiveness of projects, including those that do not generate financial reflows but result in substantial non-financial benefits.

107 **Figure 8** presents some guiding questions to be considered during the development of this subsection.

FIGURE 8

COST-EFFECTIVENESS AND FINANCIAL STRUCTURE	LEVERAGING AND CO-FINANCING	FINANCIAL VIABILITY AND BEST PRACTICES
<ul style="list-style-type: none"> • Is the funding amount requested from GCF justified? Is the overall project cost in a justifiable range compared with other benchmarks investigated during the project preparation? • Does the project entail the risk of crowding out private sector and other public sector investments? Or is it instead producing a conducive environment in which to catalyse private sector investments? • Is the level of concessionality justified? Is it the minimum level of concessionality to make the proposal viable? 	<ul style="list-style-type: none"> • Is the project leveraging an adequate level of co-financing, determined on a project-by-project basis, from other partners and/or from domestic resources? • Could the project have a catalytic effect to mobilize other resources from other financiers, particularly the private sector as a result of its implementation? 	<ul style="list-style-type: none"> • Is the E/FIRR based on credible assumptions and provide evidence of economic and financial viability? • Is the financial viability of the project beyond GCF support justified by a solid exit strategy and an operations and maintenance plan? • Does the project incorporate best practices/lessons learned and available technologies in its design? Have multiple options been assessed?

Abbreviations: E/FIRR = economic/financial internal rate of return.

Annexes to the funding proposal

- 1 On the simplified approval process (SAP) pilot scheme website, examples of how annexes should be presented can be downloaded. The following text provides an overview of these annexes.

ANNEX 1 NATIONAL DESIGNATED AUTHORITY NO-OBJECTION LETTER(S)

- 2 A signed no-objection letter (NOL) from the national designated authority of each country in which the SAP intervention is proposed should be provided following the exact format presented in this annex. It is an essential that the NOL(s) is/are submitted with the SAP funding proposal in order for the review to start.

ANNEX 2 PRE-FEASIBILITY STUDY (INCLUDING THEORY OF CHANGE, PROJECT/PROGRAMME-LEVEL LOG FRAME, TIMETABLE, MAP, AND SUMMARY OF STAKEHOLDER CONSULTATION AND ENGAGEMENT PLAN)

- 3 An SAP proposal is expected to scale up activities that have been proven to work in other projects. It is normal for SAP funding proposals to scale up a project previously financed by other institutions, for example, other climate funds such as the Adaptation Fund or the Global Environment Facility. When this is the case, it is recommended that for cost-efficiency and reduction in the time of preparation, the studies already performed are updated and used as technical feasibility studies.
- 4 At the level of concept note, the entity and GCF sector specialists will inform and discuss together with the AE and NDA which elements of the feasibility study are necessary to assure the quality expected by the proposal. Given the size and the amount of risks that the SAP can undertake, the level of resources needed for the preparation of the background studies is less than a standard funding proposal.

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- 5 The following studies should be presented as part of the overall pre-feasibility study (annex 2) carried in the preparation phase:
 - a A theory of change diagram, including explanations with a substantiated logical framework (for which there is an example, annex 2a) at the project level;
 - b A timetable of intervention (to be presented using the model in annex 2b);
 - c A map of the areas where the project will operate and with districts/communities clearly identified;
 - d A report of the consultations with authorities, beneficiaries and potentially affected populations (e.g. relevant workshop reports), or where there is evidence, that the project has been designed to include the views of the main stakeholders. This will also include a stakeholder engagement plan outlining how the project will maintain the participation and engagement of stakeholders throughout the project's lifespan; and
 - e A description of a project-level grievance redress mechanism that will allow the project to receive, register, follow up, and resolve complaints from stakeholders.

ANNEX 3 BUDGET PLAN THAT PROVIDES A BREAKDOWN BY TYPE OF EXPENSE

- 6 This is a mandatory annex that should be consistent with section C and the term sheet. It comes in the form of a Microsoft Excel file with budget items pre-defined to be completed accordingly.

ANNEX 4 GENDER ASSESSMENT AND ACTION PLAN

- 7 In annex 4, you can find specific guidance on how to submit the gender assessment and the gender action plan, which are required by GCF.

ANNEX 5 CO-FINANCING COMMITMENT LETTER

- 8 While there is no specific template, a co-financing commitment letter should include the total amount of co-financing committed and its financial instrument (e.g. cash, in-kind, etc.) as well as a brief description of the project activities that will be supported by the indicated co-financing. It is important that the amount indicated matches the information in section C and that there is an indication of compatibility of the co-finance with the timeframe of implementation proposed for the SAP intervention (annex 2b).

ANNEX 6 TERM SHEET AND EVIDENCE OF INTERNAL APPROVAL

- 9 A term sheet is a legal document that sets out the key terms and conditions, covenants, implementation arrangements and other legal obligations of the accredited entity (AE) and the executing entity/entities EE(s) for the implementation of the proposed project. It is negotiated between the AE and GCF before the project is submitted to the Board for its consideration and approval. Once the project is approved by the Board, the term sheet becomes the basis of the funded activity agreement.
- 10 Please ask the Task Manager assigned to your SAP funding proposal for guidance and a model of the term sheet, especially if this is the first project you are presenting to GCF.

ANNEX 7 RISK ASSESSMENT AND MANAGEMENT

- 11 There is a specific example of how this assessment should be presented among the examples provided on the SAP web page . The approach to this section is very different depending on whether it is a private or public sector proposal as well as in relation to the type of financial instrument used for the project.
- 12 The first part is an introduction to the details on each of the risk factors that should be listed in the following fields. Here the possible categories of externalities that can affect the project and generally the approach and measures that are going to be proposed should be indicated.
- 13 In the following fields – “selected risk factors” – details should be provided on how the risks have been identified (stakeholder consultations, desk reviews, previous evaluations, etc.).
- 14 During the project preparation phase, financial, reputational and implementation risks shall be carefully investigated. GCF will not implement a project whose exogenous risks are too probable and impactful. While there are pre-defined thresholds as to what constitutes the maximum level of acceptable risks, the proposal should demonstrate that all risks, especially those that are not under the control of the project, have no “killing effects”.
- 15 Note: if during the implementation it emerges that there are risks that were not identified or underestimated during project preparation, or if there are new risks that arise, the AE should inform GCF, the national designated authority, partners and beneficiaries, and should propose solutions to any new emerging risks.

16 Every project/programme will present different types of risks, according to the countries, communities and physical and climatic environment where it is implemented. The table guides the definition of the typology of risks and intensity and probability scaling. Generally, the following risk factors are likely to be encountered:

- i Political – if there is the risk of civil unrest, war, act of terrorism, etc., in the country or geographical area where the project/programme is implemented;
- ii Climatic/environmental – if the project/programme areas are prone to typhoons, floods or other types of impactful disasters that can physically damage the installed infrastructure or equipment;
- iii Financial – especially in case of project finance and the private sector, if there are risks related to the solvency ratio of debts/liquidity on the side of any of the partners involved (implementers, off-takers, etc.) or the ability to borrow from other co-financers;
- iv Institutional – change in political leadership and priorities might affect the prioritization of how budgets for climate services are allocated, this can be a risk especially for the post-implementation period and operation and management commitments;
- v Capacity – relevant national stakeholders might have a risk of absorption or integration of project deliveries (e.g. an expanded observation network). There could be risks related to staff retention or maintenance of certain services created by the project; and
- vi Other types of risks that could be typically identified as vandalism or theft of the equipment.

17 For each risk factor, there should be a mitigation measure. The presentation of the mitigation measure should be brief and pragmatic, focusing on examples of countermeasures that should be applied to prevent the likelihood of occurrence and impact of the risks identified.

18 Note: GCF investigates how risks are managed also from the lens of the reputational impact for GCF itself. It is important that mitigation measures proactively consider anticipating and reducing the probability of occurrence of the identified risks rather than only reacting once those risks materialize.

ANNEX 8 PROCUREMENT PLAN

- 19 The example provided contains guidance on how the procurement plan should be completed and submitted.

OTHER ANNEXES

- 20 These are annexes that for SAP funding proposals might apply according to specific situations. Apart from annex 12 (the Environmental and Social Action Plan), there are no pre-determined examples. For each of these annexes, the task team assigned to the proposal will provide the relevant guidance.
- 21 Annex 12 (the Environmental and Social Action Plan) has the guidance on when it should be submitted as well as the relevant instructions on how it should be presented if required.



A large, light green number 8 is positioned on the left side of the page. The background is a dark green with a pattern of overlapping, slightly blurred green leaves or blades of grass, creating a natural, organic feel.

STEPS to
Simplified
Approval
Process

1

AEs OR NDAs
SUBMIT
CONCEPT NOTE WITH
ESS SCREENING
(ENVIRONMENTAL AND SOCIAL SAFEGUARDS)



2

2-3
weeks

CONCEPT NOTE
REVIEW
BY GCF SECRETARIAT

3

AEs **SUBMIT**
FUNDING PROPOSAL WITH
"NO OBJECTION LETTER" FROM
THE NDA AND RELEVANT ANNEXES

NO OBJECTION LETTER

UP TO
10million

FUNDING PROPOSAL

4

4-6
weeks

FUNDING PROPOSAL
REVIEW
BY GCF SECRETARIAT

5

2-3
weeks

FUNDING PROPOSAL
REVIEW
BY ITAP (INDEPENDENT
TECHNICAL ADVISORY PANEL)

6

PRESENT
FUNDING PROPOSAL
AT BOARD MEETING

7

GCF AND AE
SIGN SAP
PROJECT/PROGRAMME
FUNDED ACTIVITY
AGREEMENT

8

DISBURSEMENT AND
IMPLEMENT
PROJECT
AEs PROVIDE

- Annual performance reports
- Mid-term & final evaluations reports

Notes



GREEN
CLIMATE
FUND