



State of Libya
Climate Readiness and support programme

GUIDE

MAIN STEPS FOR ACCESS TO THE GREEN CLIMATE FUND - GCF



SAHARA
AND SAHEL
OBSERVATORY




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This guide aims to further familiarize the Green Climate Fund, the financing possibilities it provides and the procedures to be followed in order to submit projects and obtain funds for their implementation while respecting the national laws and arrangements.

This guide is of interest to the various groups and parties involved in obtaining climate finance, whether they are from the public or private sector or civil society.

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FOREWORD

Located in North Africa, Libya is made up of 90% desert and semi-desert areas, of which only 4700 km² are irrigated lands. It is one of the world's most arid countries with only 2% of its surface receiving rain allowing to practice agricultural activities and only 5% of the country registering more than 100 mm of rainfall per year.

According to climate scenarios, average annual temperature is expected to increase by 2°C by 2050, with more frequent heat waves. Average annual rainfall is also expected to register a 7% decrease by 2050, with an increase in rainfall intensity and extreme weather events.

Agricultural productivity is strongly affected by limited water resources, difficult climate conditions and poor soil quality. Only 3.8 million hectares (1 to 2% of the country's land area) are arable. Due to these conditions, Libya is compelled to import up to 75% of its food.

This figure is all the more alarming as estimates state that one-third of the population lives below the poverty line and therefore has limited resources to adapt to projected increases in temperature and extreme weather events.

Combined with limited governance capacity, these disadvantageous conditions represent considerable obstacles to adaptation to climate change.

Indeed, up to this day and in light of its situation for the last few years, Libya, although having ratified the United Nations Framework Convention on Climate Change, has not yet submitted a national communication or proposed a political and strategic framework for mitigation and adaptation to climate change.

Libya's commitment to the Green Climate Fund (GCF) will enable it to access the financial resources needed to build its political, strategic and institutional framework for adaptation to climate change. It will also be an opportunity to upgrade, in terms of climate finance, both the public institutions that are involved in the climate change issue and the financial institutions that are likely to be involved.

Considering these aspects, Libya requested the GCF support to conduct a project for preparation to climate finance "Climate Readiness". Although Libya does not yet have all strategic documents related to climate change (INDC, national communications, country programme ...), it has expressed its political commitment to strengthen its institutional and systemic capacities in order to benefit from the GCF possible financing. In fact, Libya was able to obtain a GCF financial support to finance the Readiness project to bridging gaps in terms of capacities and to strengthening the effective commitment of the affected stakeholders.

The “Readiness-Libya” project is based on two major components: “Strengthening the Focal Point and National Designated Authority” and “Strategic Commitment Framework with the Green Climate Fund - GCF”.

However, access to climate funds, in particular to the GCF, requires a good understanding of the procedures and requirements by the affected stakeholders. To this end, this guide is adapted to the national context and written in English and Arabic. This guide aims to help project and programme holders in Libya mobilize “Climate” financial resources, especially those of the Green Climate Fund (GCF).

INTRODUCTION

The Green Climate Fund (GCF) is considered the main multilateral instrument for financing climate actions. Its aim is to help particularly climate-vulnerable developing countries, including Libya, to adapt to the effects of climate change.

Libya's commitment to the GCF will enable it to access the financial resources needed to build its political, strategic and institutional framework for adaptation to climate change. It will also be an opportunity to upgrade, in terms of climate finance, both the public institutions that are involved in the climate change issue and the financial institutions that are likely to be involved.

Considering these aspects, Libya requested the GCF support to conduct a project for preparation to climate finance "Climate Readiness". The request was accepted and will contribute to bridging gaps in terms of capacities and to strengthening the effective commitment of the concerned stakeholders.

The activities of the "Readiness-Libya" project will allow setting up a National Designated Authority (NDA), and to strengthen its institutional capacities to fulfill his roles and responsibilities towards the GCF.

Within this framework, it is relevant to develop a descriptive guide on the main steps for access to the GCF which aims to help projects and programmes promoters in Libya to mobilize climate financial resources, especially those of the GCF. This descriptive guide will focus on the main necessary steps for access to climate finance, the GCF in particular, taking into account the country's context and specificities.

The content of this guide mainly refers to the GCF publications, as well as its structure which is also inspired by these GCF publications.



GREEN
CLIMATE
FUND

WHAT DO YOU NEED TO KNOW ABOUT THE GREEN CLIMATE FUND (GCF)?

The GCF is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement, dedicated to supporting global efforts to respond to the challenge of climate change. It was set up by the 194 countries who are parties to the UNFCCC in 2010, as part of the UNFCCC's financial mechanism.

Following the approval of the Paris Agreement in 2015, the GCF was given an important role in serving the agreement and supporting the goal of keeping the temperature rise below 2° Celsius.

1 - GENESIS: THE GCF STORY

2009: The GCF concept is first proposed at the Conference of the Parties (COP) to the UNFCCC in Copenhagen, Denmark (COP 15).

2010: The COP in Cancun, Mexico (COP 16) decides to establish the GCF.

2011: GCF's Governing Instrument is adopted in Durban, South Africa (COP 17), where it is given the mandate to make "an ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change."

2012: GCF's governing Board holds its first meetings. The Board is equally balanced with members from both developed and developing countries.

2013: GCF's Executive Director Hla Cheikhrouhou is appointed, leading the Fund's senior management team. The GCF establishes its permanent headquarters in Songdo, Republic of Korea.

2014: GCF successfully started its initial resource mobilization (IRM), raising over USD 10 billion equivalent by the end of the year.

2015: The first investment decisions are taken, including both mitigation and adaptation projects, meeting the target set by the UNFCCC in advance of the Paris COP.

2016: The first full year of operations, with a project portfolio of 35 projects, worth over USD 1.5 billion, to be implemented by its 48 Accredited Entities (AEs).

2017: The GCF made great strides in accelerating climate action on the ground, with 19 projects under implementation, totaling USD 633 million in GCF resources

2 - VISION AND OBJECTIVES

The GCF is an international fund created to support low-emission and climate-resilient investments in developing countries. Its purpose is to make a significant and ambitious contribution to combat climate change.

By engaging with the GCF, people, enterprises and ecosystems in developing countries, will become more resilient to the adverse impacts of, and reduce emissions that exacerbate climate change.

The GCF will finance low-emission (mitigation) and climate resilient (adaptation) Projects/Programmes



Figure 1 - GCF Allocation Framework (<https://www.greenclimate.fund>)

developed by the public and private sectors to contribute to the Sustainable Development Goals of countries. In doing so, it will aim to equally balance its allocation between adaptation and mitigation over time, and allocate significant resources to the private sector

According to the Intergovernmental Panel on Climate Change (IPCC¹)

ADAPTATION

The process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities. In some natural systems, human intervention may facilitate adjustment to expected climate and its effects.

MITIGATION

It is a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Mitigation, together with adaptation to climate change, contributes to the objective expressed in Article 2 of UNFCCC.

The GCF is a unique climate fund dedicated to:

Transformative climate impact. The GCF looks at climate impact first. Its aims to finance replicable and scalable mitigation and adaptation projects that help deliver systemic change in support of the Paris Agreement. Through country and entity programming, the GCF works with partners to turn national plans into projects triggering long-term transformation.

Empowering countries. Guided by the principle of country ownership, GCF investments support developing countries' own aspirations for low-emission, climate-resilient development, in order to help achieve their NDC objectives. The GCF's approach to climate finance goes beyond project funding, through support for countries' climate capabilities and readiness, and direct access to GCF resources.

Catalyzing finance at scale. The GCF is unique in its ability to engage directly with both the public and private sectors on transformational climate-sensitive investments. The GCF can deploy a range of instruments including grants, loans, equity and guarantees. Also, the GCF has capacity to bear significant climate investment risk, allowing it to unlock other financing.

¹ The IPCC is the United Nations body for assessing the science related to climate change. It was created by the United Nations Environment Programme (UN Environment) and the World Meteorological Organization (WMO) in 1988. The IPCC has 195 Member countries.

3 - ARCHITECTURE AND NEW FORM OF GOVERNANCE

The GCF is governed by a 24-member Board, comprised equally of developed and developing countries. It makes decisions based on consensus among all Board members. The GCF is accountable to and functions under the guidance of the UNFCCC Conference of Parties.

Balanced governance 50/50

The GCF Board governs and has full responsibility for all funding decisions.

The composition of this Board is a unique feature among international finance institutions.

The GCF board embodies a new and equitable form of global governance

Equitable governance. The GCF embodies a new and equitable form of global governance to respond to the global challenge of climate change. At the GCF's heart is a balanced governance structure that ensures consensus-based decisions between developed and developing countries.

The Board. The GCF is governed by a Board of 24 members, equally drawn from developed and developing countries. Representation from developing countries includes representatives of relevant UN regional groupings and representatives from LDCs and SIDS.

Board members and their alternates are selected by their respective constituency or regional group within a constituency. They serve for a term of three years and are eligible to serve additional terms as determined by their constituency. The board is led by two Co-Chairs – one from a developed country and one from a developing country, who are elected to annual terms. The Board receives guidance from the COP and reaches decisions by consensus.

The fund's management. The GCF is headed by an Executive Director who is responsible for managing the independent Secretariat of the Fund. Supported by a team of senior directors, the Executive Director oversees day-to-day operations and provides leadership to a diverse group of staff members representing 40+ nationalities. The Executive Director is appointed by, and accountable to the GCF Board.

Civil society stakeholders. GCF has generated significant interest from civil society around the world. Civil society organizations (CSOs) play a key role in contributing to the development of the GCF and in raising awareness about its role. CSOs and private sector groupings have been particularly active in shaping the debate around the evolution of the GCF and its principles and policies. GCF's Board accredits civil society, private sector, and international organizations as observers to its meetings. These are important partners, and organizations are invited to apply to join the list

of accredited observers. In addition, two civil society representatives are invited to participate as active observers of these meetings.

Ensuring effectiveness. GCF’s Board has established rigorous fiduciary principles and standards as well as environmental and social safeguards to govern all of the Fund’s activities. It has also adopted policies which guide the Fund’s financial risk management and investments. GCF measures its impact through an initial results management framework, which sets targets for all investments. The World Bank currently serves as the interim trustee to manage the financial assets of the GCF.

4 - ADDED VALUE

The GCF will play a significant role in channeling new concessional climate finance. It will also have a risk appetite that is consistent with its mandate of promoting a paradigm shift in the financing of new investments by government, private sector and non-governmental actors in developing countries.

PARADIGM SHIFT

“The GCF will finance projects and programmes that demonstrate the maximum potential for a paradigm shift towards low-emission and climate-resilient sustainable development.”

COUNTRY DRIVEN

“The GCF will pursue a country driven approach, and promote and strengthen engagement at the country-level through effective involvement of relevant institutions and stakeholders.”

How does the GCF add value within the international climate finance architecture?

The GCF strives to ensure it adds value relative to other funds and financial institutions in six key ways:

1. Maximize country ownership: The GCF has a growing network of more than 120 country National Designed Authorities (NDAs) and focal points (FPs), half of which are already engaged with the GCF to receive financial readiness and preparatory support. This aligns with the Fund’s country-driven approach: empowering countries to effectively involve relevant institutions and stakeholders to identify transformational projects, programmes and partners.

2. Balance between adaptation and mitigation: The GCF aims to achieve an equal allocation of its resources towards mitigation and adaptation, while ensuring that at least half of the funding for adaptation is for the vulnerable countries, including the least developed countries (LDCs), small islands developing States (SIDS) and African States.

3. Balanced governance with equal voice for contributors and recipients: The GCF's flexible business model provides developing countries, the private sector and non-governmental actors with direct access to concessional funds, aiming to achieve the greatest impact in terms of climate change mitigation and adaptation in the context of sustainable development.

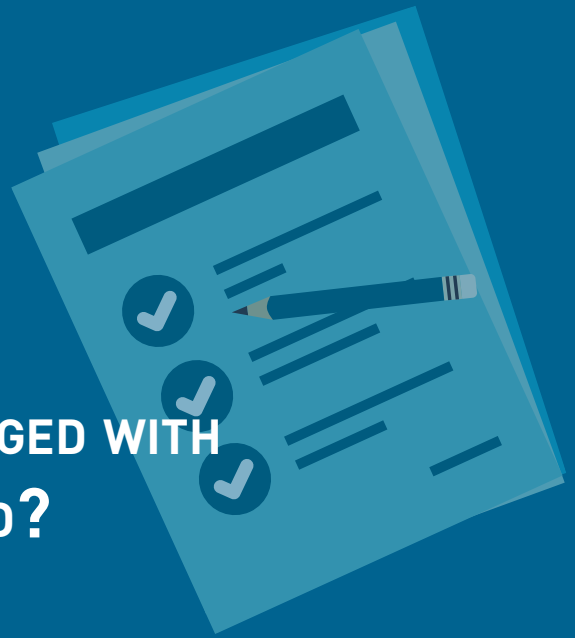
4. Diversity of partners: Some 111 entities globally have already applied for accreditation, including sub-national, national, regional and international public, private and non-governmental entities, and 88 of them have been accredited to date (As of 30 September 2019). The diversity of entities and accreditation pathways available under the GCF underscores its unique "fit for purpose" accreditation approach, which maximizes the range of transformational partners countries can work with.

5. Diversity of financial instruments: AEs can undertake mitigation and adaptation activities and deploy the Fund's resources using a variety of financial instruments including grants, loans with high and low concessionality, guarantees and equity. Target projects and programmes include those that best achieve the Fund's objectives with minimum concessionality, and that unlock and crowd in private sector investments in low-emission, climate resilient activities.

6. Largest dedicated climate Fund globally: The GCF has secured more than USD 10 billion equivalent in pledges from 48 countries so far. It continues to mobilize resources on an ongoing basis.

Through these unique approaches, the GCF will set itself apart and catalyze a paradigm shift in the development pathways of its recipient countries. It will put them on a trajectory more compatible with a changing climate, and make them more resilient and responsive to it.

LIBYA : HOW TO GET ENGAGED WITH THE GREEN CLIMATE FUND?



Basic requirements for a recipient country, such as Libya, to access GCF funding:

- *Ambitious and coherent national climate strategy / policy;*
- *Institutional needs:*
 - *National Designated Authority (NDA) designated by the government,*
 - *Direct access entities proposed by the NDA (national or regional AEs by the GCF),*
 - *Otherwise, the country can rely on international entities accredited by the GCF.*
- *Pipeline of projects responding to national priorities and GCF requirements in the GCF country programme.*

1 - ESTABLISH A NATIONAL DESIGNATED AUTHORITY (NDA) OR FOCAL POINT (FP)

A National Designated Authority or Focal Point is the core interface between a country and the GCF. It seeks to ensure that activities supported by the GCF are aligned with strategic national objectives and priorities, and helped advance ambitious action on adaptation and mitigation in line with national needs.

Selecting a NDA or FP is the first major step in engaging with the GCF. Countries may choose to mandate a FP while undertaking a process for selecting and identifying an appropriate NDA. Where special circumstances require that a country mandate a FP, it will fulfill responsibilities until the NDA is selected. There is also flexibility as to the location, structure, operation and governance of NDA or FP.

Libyan GCF Focal Point

ENVIRONMENT GENERAL AUTHORITY

Dr. Ali Elkekli

Director, Technical Cooperation & Consultation Department

Tripoli - Libya - Phone: +218 91337 7246

The NDA/FP will serve as the point of communication with the GCF. Its mandate and responsibilities cover a range of functions, which will require it to have the requisite capacities to fulfill these functions.

Mandate and responsibilities of NDA/FP

- **Provide broad strategic oversight of the Fund's activities in their country.** This includes ensuring alignment with national sustainable development objectives and frameworks including climate strategies and policies, e.g. National Adaptation Programmes of Action (NAPA), Nationally Appropriate Mitigation Actions (NAMAs), National Adaptation Plans (NAPs), etc. The Fund's readiness programme is able to provide support to develop or strengthen such strategic frameworks, and develop country programmes to identify strategic priorities for engagement with the Fund.
- **Convene relevant public, private and civil society stakeholders to identify priority sectors to be financed by the Fund.** Stakeholders include other relevant government entities at national and sub-national levels; civil society; project developers; private sector actors; financial institutions; and communities, including vulnerable groups, women and indigenous peoples, who will be affected

by the Fund’s activities. NDAs and focal points are encouraged to consult such stakeholders in preparing their country programmes. The Fund’s best practice guidance for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals, is given in the [GCF/B.08/45 Page 91]².

- **Communicate nominations / no-objection of entities (sub-national, national or regional, public and private) seeking accreditation to the GCF under the ‘direct access’ track.** One of the initial responsibilities of an NDA or focal point is to engage with potential public, private sector and non-governmental entities and nominate such entities for accreditation to the Fund. Applications from sub-national, national or regional entities wishing to become accredited via the direct access track need to be accompanied by a nomination letter from the relevant NDA or focal point. A template for the letter can be found in the link³ below.
- **Implement the no-objection procedure on funding proposals submitted to the Fund, to ensure consistency of funding proposals with national CC plans and priorities.** The no-objection is provided to GCF by the NDA or focal point, in conjunction with any submission of a funding proposal by an AE of the Fund. In case a proposal is submitted without the no-objection letter, GCF will notify the NDA or focal point and will only submit the proposal to the Board if the no-objection is received within 30 days of the notification. Otherwise, the proposal will be suspended and the AE notified. Details on the no-objection procedure will be given in the following chapter.
- **Provide leadership on the deployment of readiness and preparatory support funding in the country.** The NDA or focal point may directly benefit from the funding or select international, regional, national and sub-national, public, private or non-governmental institutions, well-versed in readiness activities as their delivery partners. The GCF may also deploy readiness and preparatory support to prospective sub-national, national or regional entities seeking accreditation with the GCF to prepare them to apply for accreditation, and to AEs to develop project and programme pipelines.



Figure 2 - GCF Allocation Framework (<https://www.greenclimate.fund>)

² https://www.greenclimate.fund/documents/20182/466886/Best_Practices_for_Country_Coordination_and_Multi-Stakeholder_Engagement.pdf/585960fa-8e8d-4078-a313-f5575db240f0

³ https://www.greenclimate.fund/documents/20182/574715/Letter_to_GCF_05_-_Nomination_of_an_entity_for_accreditation_to_GCF.docx/ffe4baa5-af3f-4fca-a68b-d8f7fe7948ba

2 - ACCREDITATION PROCESS

GCF mobilizes climate finance by working through a wide range of organizations that have specialized capacities in driving climate action. They can be private, public, non-governmental, sub-national, national, regional or international bodies. They should have clear, detailed and actionable climate change Projects/Programmes to present to GCF in terms of mitigation and adaptation to climate change. They must also meet GCF standards based on financial standards, environmental and social safeguards, and gender.

There are two types of GCF AEs, based on access modalities:

- **Direct access entities**, which correspond to subnational, national or regional entities. They may include national ministries or government agencies, national development banks, national climate funds, commercial banks, other financial institutions, etc.
- **International access entities**, which may be bilateral, multilateral or regional entities. They may include bilateral development agencies (e.g. Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ), multilateral development banks (e.g. World Bank), United Nations agencies (e.g. United Nations Development Programme), regional development banks (e.g. African Development Bank), intergovernmental organizations (e.g. World Wildlife Fund), etc.

The GCF encourages AEs to make contact in an early stage with national NDA/FP when they intend to operate in that country. The GCF can assist in facilitating contact with the AEs. For organizations that are not accredited, there are also ways to engage with the GCF:

- Partnering with an AE on implementing its approved GCF project;
- Co-financing projects with an already AEs;
- As a readiness delivery partner, provided that the entity can demonstrate relevant expertise, experience and ability to implement projects.

What will Accredited Entities do?

AEs may carry out a range of activities, including:

- Developing and submitting funding proposals for projects and programmes;
- Overseeing management and implementation of projects and programmes;
- Deploying a range of financial instruments within their respective capacities (grants, concessional loans, equity and guarantees);
- Mobilizing private sector capital.

The accreditation process is designed to ensure that Accredited Entities have the ability to manage the Fund's resources in line with best-practice fiduciary standards for the scale and type of funding sought, as well as the ability to manage environmental and social risks that may arise at the project level.

3 - HOW CAN PROSPECTIVE ENTITIES BE ACCREDITED?

An interested entity will need to submit a completed application through the Fund's Online Accreditation System (OAS)⁴, consistent with the Fund's fit-for-purpose accreditation approach. This approach recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities in advancing the objectives of the GCF. The accreditation approach accommodates this diversity by matching the nature, scale and risk of intended activities to the application of the fiduciary standards and environmental and social safeguards. More details about the steps of accreditation are given in the GCF Online Accreditation System: User's Guide⁵.

During the accreditation process, the track record and demonstrated capacity of an applicant entity to manage Projects/Programmes of different risk categories will be reviewed. The result of the accreditation process will specify:

- a. The intended project size that the Accredited Entity may undertake: micro (USD 0 - 10 million), small (USD 10 - 50 million), medium (USD 50 - 250 million), large (>USD 250 million);
- b. The fiduciary functions that AE may undertake, which will shape how it operates using the GCF's resources (e.g. grants, loans, guarantees, equity);
- c. The maximum level of environmental and social risk of its intended projects: Category A (high risk), Category B (medium risk), Category C (low risk).

⁴ https://accreditation.gcfund.org/_layouts/15/GCFLOGIN/Default.aspx?ReturnUrl=%2f_layouts%2f15%2fAuthenticate.aspx%3fSource%3d%252F&Source=%2F

⁵ https://www.greenclimate.fund/documents/20182/818273/1.5.6_-_OAS_User_Manual.pdf/ceea2e51-1cbe-403b-ab7a-42eb0c57b0d2

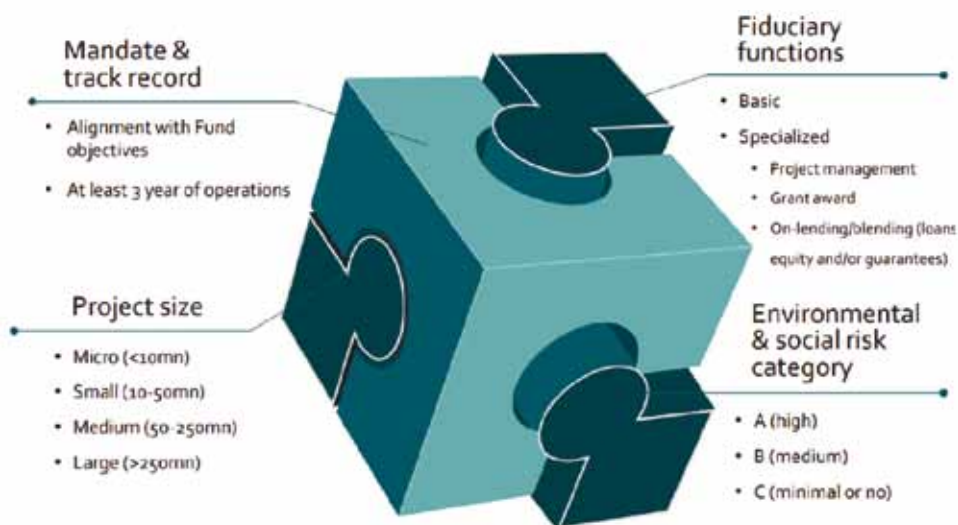


Figure 3 - Fit-for-Purpose approach to Accreditation (<https://www.greenclimate.fund>)

Main accreditation steps

• Self-assessment check

- Before starting the application process, organizations can assess whether they meet the basic requirements to become AEs by considering a series of questions through GCF's online assessment tool⁶.

• Preparing an application

- NDA/FP nominate Direct Access Entity applicants by filling out a nomination letter and sending it to GCF at this email address: accreditation@gcfund.org
- All accreditation applicants need to apply to join GCF's OAS. They do so by filling out the "Request for an OAS Account"⁷
- Accreditation applicants will be asked to fill out an online application form within the OAS. This is the main part of applying for accreditation.

⁶ <https://www.greenclimate.fund/how-we-work/getting-accredited/self-assessment-tool>

⁷ https://www.greenclimate.fund/documents/20182/574712/Form_07_-_Request_for_an_Online_Accreditation_System__OAS__Account.docx/13906136-1e76-47d4-b2a7-ff291350baa8

- Application fees are paid at this point. This amount varies according to the fiduciary functions and the size of financing for project or programmes the accreditation applicant is proposing to receive GCF funding.

Once these two preliminary steps are successfully completed, the accreditation process is structured around three stages that are:



*Figure 4 - Summary of the accreditation process
(GCF document, 2017)*

• **Stage I: Checking an application**

- The GCF Secretariat reviews the application to ensure the mandate of the accreditation applicant aligns with GCF's mandate and objectives.
- The GCF Secretariat also checks whether the accreditation applicant has provided sufficient information about the applicant's systems, policies, procedures and guidelines related to safeguarding projects against financial, environmental, social and gender risks and impacts.
- The GCF Secretariat may ask applicants questions about their accreditation application with the aim to have a complete application.

• **Stage II: Reviewing and recommending to GCF Board**

- Once the GCF Secretariat is satisfied that application completeness requirements are met; it passes on submitted documents to the Accreditation Panel. This group of six accreditation experts provides an independent appraisal of the application, focusing on whether the accreditation applicant meets the GCF standards it is applying for.
- The GCF Secretariat and the Accreditation Panel then send their recommendations to the GCF Board. This recommendation will include the GCF Secretariat's assessment from the Stage I check, and the recommendation by the Accreditation Panel regarding accreditation and the accreditation criteria.
- The duration of the review process by both the GCF Secretariat and the Accreditation Panel could be a minimum of six months, or three months for fast-track applications.
- The GCF Secretariat informs the applicant entity about the result of the GCF Board decision.

• **Stage III: Legal Arrangements**

- The approved AE will then sign an Accreditation Master Agreement (AMA) with GCF. AMA templates are available in the link⁸ below.
- AMAs are legal agreements that set out the terms and conditions for an entity's use of GCF resources. They formalize the AE's accountability in carrying out GCF-approved projects appropriately.

Applications for accreditation are received by GCF on a rolling basis. There is no deadline for submitting accreditation applications. Key documents of the GCF Accreditation Process are available in Annex 4.

4 - LIBYA COUNTRY PROGRAMME

As part of establishing a Strategic Framework with the GCF, the NDA/FP is encouraged to initiate a country programme. Funds to support its development can be requested through the GCF Readiness and Preparatory Support Programme. While developing a country programme is not mandatory, a template has been created to support countries in preparing it. This template can be adapted to reflect the country's national circumstances.

An overarching objective of a having a country programme is fostering country ownership. To achieve this, country programmes should be driven by a robust and inclusive engagement process that brings together key stakeholders across all levels of government, local and community-based institutions, the private sector, and civil society to put forward clear and country-owned priorities that GCF can support. The purpose being to achieve a programme including country priorities, short- and long-term Projects/Programmes and an action plan.

This also involves getting existing and prospective AEs to identify practical steps that will enable the implementation of these priorities, which, in turn, can be supported by the GCF. It will provide the AEs with clarity on the types of initiatives that country stakeholders seek their support in bringing to life.

Libya has not yet started the development of its country programme.

⁸ https://www.greenclimate.fund/documents/20182/574712/Form_05_-_Accreditation_Master_Agreement.pdf/8c4f6cbf-ae17-4856-81c1-64ac8fbfa506

COUNTRY OWNERSHIP: “THE NO-OBJECTION PROCEDURE”



At the 2011 climate summit in Durban, South Africa, members of the UNFCCC requested that the Board of the GCF develop a transparent no-objection procedure to ensure that financing would be consistent with national strategies, country-driven, and effective. This request reflected a specific concern that direct access to the fund by the private sector would allow investors to bypass national governments' priorities and regulations.

A no-objection is a condition for approval of all funding proposals submitted to the Fund.

1 - WHAT IS A NO-OBJECTION PROCEDURE?

The purpose of a no-objection procedure⁹, as defined in GCF/B.08/45, is to facilitate genuine country ownership of projects and programmes that are financed through the GCF by ensuring consistency with national climate strategies and plans and country-driven approaches, and to provide for effective direct and indirect public and private sector financing by the GCF.

Likewise, a no-objection Procedure should be a tool that allows a host country to monitor any proposed national activity that is not consistent with its development plans and priorities as well as strategies for addressing climate change. Furthermore, a no-objection Procedure should ensure that affected communities by project activities, that would harm their lives, livelihoods, or environment, must be involved in advance, at the project design in order to integrate its needs and interests.

Once a no-objection Procedure has been set up, it will allow the NDA/FP to evaluate, on a set of pre-validated criteria, each Project/Programme and provide a no-objection notification. On the basis of this notification, the NDA/PF will be able to provide a formal letter of no-objection.

Initially, a formal letter of no-objection was required only for the submission of a Funding Proposal. According to lessons learned from other institutions, the GCF Board recommended to countries to also provide a formal letter of no-objection when submitting a concept note. A no-objection letter template can be shown in the link ¹⁰ below.

2 - NO-OBJECTION PROCEDURE ADAPTED TO THE NATIONAL CONTEXT

The GCF Board has not developed architecture that establishes universal standards, criteria and principles for a no-objection Procedure (NOP). In fact, it has left countries free to design it NOP adapted to their contexts.

Thus, in the framework of the development of the no-objection Procedure for Libya, a benchmarking¹¹ has shown that there are no similar initiatives in terms of procedures that are formalized. Thus, the proposed Libyan no-objection procedure, which was submitted to Libyan NDA, in April 2019, has the main features:

- Simple and functional procedure
- Evolutionary procedure
- Adapted to the national context

⁹ https://www.greenclimate.fund/documents/20182/466886/No-objection_Procedure.pdf/20f56ff5-4776-4a6a-9c4a-d903359f5d27

¹⁰ https://www.greenclimate.fund/documents/20182/574715/Letter_to_GCF_01_-_No-objection_letter.docx/09728ebd-3848-48ab-b515-cff59f9ea87b

¹¹ https://www.greenclimate.fund/documents/20182/574715/Letter_to_GCF_01_-_No-objection_letter.docx/09728ebd-3848-48ab-b515-cff59f9ea87b

3 - AN ONGOING VALIDATION OF THE NO-OBJECTION PROCEDURE PROPOSAL

The Libyan no-objection procedure will allow the coordination of project activities to frame the decision-making and the granting of a letter of no-objection in the framework of the activities eligible for financing with the GCF in Libya. This proposed Libyan procedure has been structured into four modules.

- **Module 1:** Issuance of no-objection to the concept note

This aims to evaluate a concept note proposal on the basis of:

- Its technical coherence and relevance with national policies, strategies and priorities as well as its alignment with the country's investment priorities;
- Its compliance with GCF requirements, particularly with regard to the GCF investment framework (CF/B.07/06); and alignment with GCF's gender policy;

- **Module 2:** Issuance of no-objection to the Funding Proposal

This aims to evaluate the Funding Proposal on the basis of:

- The viability of its financing scheme and its alignment with GCF's financial policy;
- Compliance with GCF's socio-environmental risk management and performance standards.

- **Module 3:** Issuance of no-objection to the Preparatory Support Project (Readiness)

- **Module 4:** Issuance of no-objection to the Project Preparatory Facility.

The issuance of a no-objection when submitting a concept note should focus on technical coherence and relevance with national policies, strategies and priorities as well as compliance with the requirements of the GCF's concept note. However, the issuance of a no-objection when submitting a Funding Proposal should focus on the financial viability of the project and its compliance with the financial policy of the GCF.

As for the issuance of a no-objection for the: i) Readiness Support Project, and the ii) Project Preparation Facility, it remains specific to each opinion but it should always be consistent with the investment priorities defined by Libya.



WHAT IS THE GCF RESULTS MANAGEMENT FRAMEWORK?

The GCF is essentially guided by its Governing Instrument and its Rules of Procedure. All of these elements contribute to the functioning of the GCF. These include:

- *GCF Priority intervention areas;*
- *Financial instruments;*
- *Basic principles for the allocation of resources;*
- *Investment criteria.*

1 - PRIORITY INVESTMENT AREA (STRATEGIC IMPACT AREAS)

The GCF is meant to finance Projects/Programmes in line with its Results Management Framework (RMF)¹², which defines eight strategic impacts to be achieved at the GCF level, four mitigation and four adaptation.



Figure 5 - Eight strategic impact areas from mitigation and adaptation (GCF document, 2017)

In addition to strategic impacts, the GCF also defines Project/Programme level outcomes within its RMF and has a Performance Measurement Framework that specifies the indicators to be used to measure progress against it.

The GCF will also actively promote synergies across adaptation and mitigation wherever possible, and promote environmental, social, economic and development co-benefits, and take a gender-sensitive approach. To do so, the GCF has developed a cross-cutting matrix to guide its funding decisions. This matrix identifies five investment priorities that cut across GCF's eight results areas. The results areas are specific contexts where GCF can deliver major mitigation or adaptation benefits, this includes:

¹² https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_04_-_Initial_Results_Management_Framework.pdf/d8d7ecdc-d85e-46bc-b19a-bf34bb8fb1d1

- Climate-compatible cities
- Low-emission and climate-resilient agriculture
- Scaling up finance for forests and climate change
- Enhancing resilience in SIDS
- Transforming energy generation and access

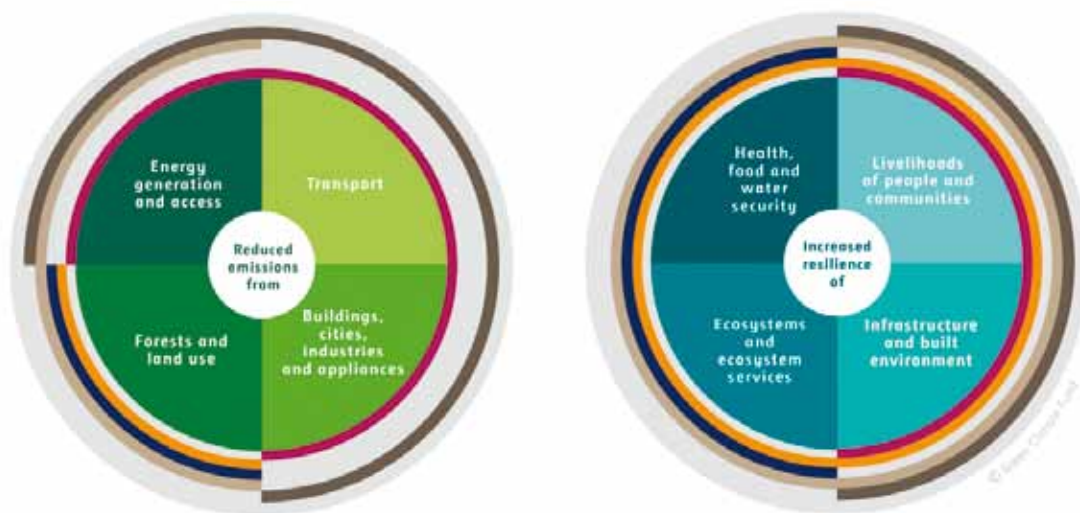
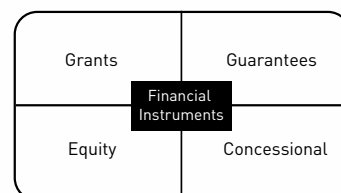


Figure 6 - Investment priority results area clusters (GCF, an introduction to GCF, 2016)

In working with this framework, the GCF can ensure coherence in its investments, focusing on scalable projects that will help deliver paradigm changes across the developing world and make a real difference to the climate and the lives of millions.

2 - FINANCIAL INSTRUMENTS

The GCF uses four financial instruments¹³: **grants, concessional loans, equity and guarantees.** Two or more instruments may be blended, with more than one instrument being used by the GCF itself on a particular project, or a fund instrument or instruments being combined with instruments from other sources of financier.



¹³ https://www.greenclimate.fund/documents/20182/24934/GCF_B.04_06_-_Business_Model_Framework__Financial_Instruments.pdf/7b8e96dd-4e06-46fd-b986-1b8743efa15b

Table 1 - GCF financial instruments

| Financial instrument | Definition |
|-------------------------------|--|
| Grants | Resources generally channeled to investments without the expectation that the money be repaid. Grants can be provided up-front or disbursed through an incentive-based schedule after achieving specific goals. Grants can finance activities that would have been left unfunded by the market such as information generation, data analysis, development and dissemination of knowledge products, and capacity building of national institutions for a robust policy reform and priority setting. |
| Reimbursable | Assimilated to loans, reimbursable grants consist in contribution provided to a recipient institution for investment purposes, with the expectation of long-term reflows at conditions specified in the financing agreement. The provider assumes the risk of total or partial failure of the investment; it can also decide if and when to reclaim its investment |
| Non-reimbursable grant | Unlike reimbursable grants, non-reimbursable grants are standard transfers made in cash, goods or services for which no repayment is required. This amounts to direct aid as opposed to repayable assistance. |
| Concessional loans | The up-front transfer of resources from one party to another with the agreement that the money will be repaid on conditions more favourable than market terms is known as concessional or soft lending. |
| Equity | Consists of an investment into a project or asset to leverage debt and achieve better returns. |
| Guarantees | Commitments in which a guarantor undertakes to fulfill the obligations of a borrower to a lender in the event of non-performance or default of its obligations by the borrower, in exchange for a fee. They can cover the entire investment or just a portion of it (partial guarantee). |
| Senior loans | A senior bank loan is a debt financing obligation that holds legal claim to the borrower's assets above all other debt obligations. The loan is considered senior to all other claims against the borrower, which means that in the event of a bankruptcy the senior bank loan is the first to be repaid before all other interested parties receive repayment. |


These financial tools allow the GCF the flexibility to tailor its support to the project needs of public, private, and nongovernmental entities. This is particularly useful for those developing countries in which climate action requires the full flexibility of financial instruments and counterpart risk-taking, beyond fiscally constrained central governments.

3 - GCF INVESTMENT CRITERIA (“IPSCEN” COMPLIANCE)

GCF’s Board has developed a set of investment criteria to evaluate where the GCF can make the most effective investments. These investment criteria is a procedure used by GCF for evaluating and selecting proposals for funding. This criterion has six elements that each applicant must ensure they adequately meet. These elements are:

- I** **Impact potential** : Potential of the programme/project to contribute to the Fund’s objectives to shift towards low-emission and climate-resilient sustainable development.
- P** **Paradigm shift potential** : Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment. How scalable and replicable is the project? How innovative and transformative is it?
- S** **Sustainable development potential** : Will the Project/Programme deliver meaningful environmental, social, and economic co-benefits and have a gender-sensitive development impact?
- C** **Country ownership** : Beneficiary country ownership of and capacity to implement a funded project. How well does the project fit within the beneficiary country’s existing policies, climate strategies and instituti
- E** **Efficiency and effectiveness** : Economic and, if appropriate, financial soundness of the project. For mitigation-specific projects, how cost-effective is it and how much co-financing will it bring? (Minimum concessionality test)
- N** **Needs of the recipient** : what extent does the project address vulnerable groups, barriers to financing and level of exposure to climate risks within the country?

Figure 7 - The Fund’s six Investment Criteria: “IPSCEN” Compliance



The proponent is expected to demonstrate how the proposed project aligns with the six investment criteria and respond to only the applicable and relevant sub-criteria and indicative assessment factors. Project proponents are encouraged to complement quantitative and qualitative indicators¹⁴:

- **The activity sub-criteria** guide the proponent to demonstrate how the proposed project activities will contribute to adaptation and mitigation;
- **The indicators** (indicative assessment factors) provide clarity on how the sub-criteria can be assessed.

¹⁴ https://www.greenclimate.fund/documents/20182/239759/Initial_investment_framework__activity-specific_sub-criteria_and_indicative_assessment_factors.pdf/771ca88e-6cf2-469d-98e8-78be2b980940



HOW DOES GCF MANAGE RISKS AND SOCIO-ENVIRONMENTAL ASPECTS?

The GCF manages the risks and socio-environmental aspects of Projects/Programmes through:

- *Fiduciary standards;*
- *Socio-environmental standards to limit damage to people and ecosystems;*
- *A gender policy to ensure equity and gender equality;*
- *Risk apprehension to improve management;*
- *Monitoring and evaluation of Project/Programme activities.*

1 - FIDUCIARY STANDARDS FOR THE SOUND USE OF RESOURCES

At its 7th meeting, the GCF Board adopted a set of fiduciary standards¹⁵ to be met by EAs and intermediaries. These standards aim to ensure that:

- Financial resources made available to the EAs are used wisely and in the prescribed conditions;
- Financial operations are secure (fight against money laundering, financing of terrorism, etc.);
- Funded projects take into account the current challenges of climate change, sustainable development and environmental protection.

These standards are one of the essential conditions that must be met by an EA in order to be able to benefit from funding from the GCF. The full GCF policy for basic and specialized fiduciary standards can be found at the “GCF_B.07_11 Annex II – Initial fiduciary principles and standards of the Fund)¹⁶. These standards cover essentially:

- **Basic Fiduciary Standards**
 - Key administrative and financial capacities
 - Transparency and accountability
- **Specialized Fiduciary Standards**
 - Project management
 - Grant award and/or funding allocation mechanisms
 - On-lending and/or blending

In terms of basic fiduciary standards, all AEs are required to demonstrate:

- **Key administrative and financial capacities:** Cover the underlying principles of ensuring that entities manage financial resources transparently and accountably in line with the relevant regulations and laws. They also ensure that entities’ administration and management operations conform to the required fiduciary standards and that they have a track record of performing these activities effectively and efficiently; and,
- **Transparency and accountability:** Cover the underlying principles of protection against financial mismanagement and other unlawful practices, to ensure that entities operate ethically, transparently and with full accountability.

In addition to its basic fiduciary standards, the GCF has three specialized fiduciary standards:

¹⁵ Synthesis of fiduciary standard: https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board__18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b

¹⁶ https://www.greenclimate.fund/documents/20182/818273/1.6_-_Fiduciary_Standards.pdf/083cfe10-46f4-4a73-b603-8d7bfd2a35bd

- **Project management:** This set of standards covers an entity's ability to manage CC projects. Project management is required implement projects directly and / or oversees the implementation of projects by executing entities. It is required for the majority of activities and all AEs so far as required project management accreditation;
- **Grant award mechanisms and / or funding allocation mechanisms:** This set of standards covers an entity's ability to provide grants to third parties in a credible, transparent and effective manner. Grant award mechanisms and / or funding allocation mechanisms are therefore only required if the entity is to be awarded to third parties with GCF funding;
- **On-lending and blending policies:** This set of standards covers an entity's ability to "on-lend", or lends the GCF's resources to a third party and / or blend the GCF's resources with other sources of funding, in a credible and due Manner diligent. This standard is required to provide loans and risk sharing products to third parties.

What is the Fast-track accreditation process?

Recognizing that some entities have completed the accreditation process of other funds/institutions (e.g., GEF, Adaptation Fund) against fiduciary and environmental and social standards that may be comparable to the GCF's fiduciary standards and Environmental Social Safeguards (ESS), the fast-track process allows for eligible entities to focus their application on the GCF's accreditation requirements (gaps) that have not been assessed in other accreditation processes. The fast-track process also allows for the accreditation review to focus on how the entity addresses the gaps.

2 - SOCIO-ENVIRONMENTAL STANDARDS FOR LIMITING DAMAGE TO PEOPLE AND ECOSYSTEMS

Environmental and Social Safeguards (ESS) are necessary to identify, prevent and mitigate damage to people and ecosystems throughout the implementation of a Project/ Programme. Most multilateral and bilateral development agencies have adopted policies, procedures and guidelines that cover those environmental and social aspects.

The GCF's ESS are aligned with the International Finance Corporation's (IFC) Performance Standards (PS). There are eight PS and the objectives of each can be found at the "GCF_B.07_11 Annex III: Interim environmental and social safeguards of the Fund)¹⁷:

¹⁷ https://www.greenclimate.fund/documents/20182/319135/1.7_-_Environmental_and_Social_Safeguards.pdf/e4419923-4c2d-450c-a714-0d4ad3cc77e6

- PS1:** Assessment and management of environmental and social risks and impacts
- PS2:** Labour and working conditions
- PS3:** Resource efficiency and pollution prevention
- PS4:** Community health, safety and security
- PS5:** Land acquisition and involuntary resettlement
- PS6:** Biodiversity conservation and sustainable management of living natural resources
- PS7:** Indigenous peoples
- PS8:** Cultural heritage

Any Accredited Entity (AE) likely to implement or oversee activities presenting medium or high levels of environmental or social risk needs to have an environmental and social policy (or equivalent). However, AE seeking accreditation for low risk activities, need only to show that they have some form of policy commitment to support gender equity.

Environmental and social safeguards aim to avoid, reduce or compensate for negative effects of activities. While there is no universal definition of safeguards, generally one can say that they consist of:

- Rules (such as policies, laws, regulations) that reduce the environmental and social risk and negative impact of activities.
- Institutions that implement those rules.

3 - A GENDER POLICY TO GUARANTEE EQUITY AND GENDER EQUALITY

In addition to Environnement and Focal safeguards, the GCF appropriately considers gender aspects. It therefore asks that AE have policies related to gender equality, and experience implementing activities targeting women. This requirement is relevant for all AEs, including those implementing low-risk activities.

The GCF is the first multilateral climate fund that includes a gender policy and a gender action plan¹⁸. The GCF's gender policy contains six principles to ensure the GCF's contribution to gender sensitivity, equality and equity, as follows:

- **Commitment:** the GCF commits to contributing to gender equality, as enshrined in international agreements and national constitutions;
- **Comprehensiveness:** the GCF applies its gender policy to its climate change mitigation and adaptation activities, without regard to the nature of the operational entity (public / private, international / national);

¹⁸ https://www.greenclimate.fund/documents/20182/319135/1.8_-_Gender_Policy_and_Action_Plan.pdf/f47842bd-b044-4500-b7ef-099bcf9a6bbe

- **Accountability:** gender monitoring, impact and outcomes indicators are included in the results management and performance frameworks of the GCF;
- **Country ownership:** NDAs must align with the GCF's gender policy;
- **Competencies:** The GCF aims at achieving gender balance within its own key advisory and decision-making bodies;
- **Resource allocation:** Climate change adaptation and mitigation projects and programmes must contribute to gender equality and women's empowerment.

The GCF's full gender policy can be found at the "GCF/B.09/23, Annex XIII: Gender policy for the Green Climate Fund"¹⁹.

4 - UNDERSTAND RISKS TO IMPROVE MANAGEMENT

The GCF has also put in place a mechanism and rules to apprehend, assess and evaluate socio-environmental and financial risks related to Project/Programme. These risks categories are divided between environmental and social risk from funding proposals (Categories) or an entity's exposure to environmental and social financial risk based on their grant award or on-lending portfolios (Intermediations). These risk levels are:

- **High risk:** Covers funding proposals (Category A/I1) and / or proposed investment portfolios (Intermediation 1) where activities may have significant adverse environmental and / or social impacts and / or impacts that are diverse, irreversible or unprecedented;
- **Medium risk:** Covers funding proposals (Category B/I2) and / or proposed investment portfolios (Intermediation 2), where activities may have mild adverse environmental and / or social risks and / or impacts that are few in number, generally site-specific, substantially reversible, and Readily Measures Addressed through mitigation;
- **Low risk:** Covers funding proposals (Category C/I3) and / or proposed investment portfolios (Intermediation 3) where activities have minimal or no adverse environmental and / or social risks and / or impacts.

¹⁹ https://www.greenclimate.fund/documents/20182/319135/1.8_-_Gender_Policy_and_Action_Plan.pdf/f47842bd-b044-4500-b7ef-099bcf9a6bbe

Table 2 - Exmaples of eligible activities

| Category | Examples |
|-----------|---|
| C (or I3) | <ul style="list-style-type: none"> - Education and training - Public broadcasting (TV, radio, satellite) - Small-scale reforestation - Health and family planning - Monitoring programmes - Plans and studies - Advisory services |
| B (or I2) | <ul style="list-style-type: none"> - Adaptation of crop farming systems to climate change - Forest management activities - Activities to improve energy efficiency of industry - Small and medium-scale low emission power generation - Small-scale agriculture initiatives |
| A (or I1) | <ul style="list-style-type: none"> - Large scale forestry projects - Large-scale agricultural projects - Projects affecting highly sensitive ecosystems - Projects with large resettlement components - Projects with serious occupational or health risks - Projects which pose serious socioeconomic concerns |

5 - MONITORING AND EVALUATION OF PROJECT/PROGRAMME ACTIVITIES

Monitoring and evaluating activities and their impacts can allow national stakeholders, AE, project proponent and GCF to:

- Know whether implementation of activities is going as planned;
- Be alert to changes or early signs of problems;
- Focus resources where needed;
- Enable adjustment of activities and plans to respond to unexpected events;
- Build trust with stakeholders.

Indicators can be used to look at different spatial (geographic) or temporal (time) scales. Effective monitoring systems will generally be tailored to the circumstances of the project or programme. Typically, though, institutions will benefit from developing several types of monitoring indicators, including:

- i) Performance indicators, which measure the results of activities;
- ii) Processes or inputs indicators, which measure actions taken to bring about results.

Accreditation for low risk activities requires a process for watching for unexpected impacts or new risks in contrast, accreditation for higher risk requires ability to monitor implementation of mitigation plans, and any unexpected changes.



GCF PROJECT/PROGRAMME CYCLE

There are 6 steps a Project/Programme should follow when submitting a proposal to the GCF:

- 1. Proposal generation;*
- 2. Concept note;*
- 3. Funding Proposal submission;*
- 4. Analysis and recommendation;*
- 5. Board decision;*
- 6. Legal arrangements.*

1 - GCF PROPOSAL APPROVAL “STEPS IN A PROJECT CYCLE”

The GCF will finance Projects/Programmes in the public and private sectors that contribute towards achieving at least one of the eight strategic impacts of the GCF. The process for considering and approving proposals, and the criteria by which they will be evaluated, are provided below.

AEs can submit funding proposals to GCF at any time, spontaneously or when there is a call for proposals from the GCF. To ensure country ownership, the GCF’s Board will only consider funding proposals that are submitted with a formal letter of no-objection in accordance with the GCF’s initial no-objection procedure. The stages in the process are shown in figure 9 and described below:



Figure 8 - GCF Proposal Approval
(GCF, Accreditation to the Green Climate Fund, February 2017)

The blue part is relative to the national level whereas the green part concerns the GCF.

1. Proposal generation

NDA's / focal points and AEs may submit spontaneous funding proposals which will be subject to the GCF's approval process. In addition, the GCF may publish regular calls for funding proposals on its website.



2. Concept note (voluntary)

An accredited entity or executing entity (i.e. Project/Programme sponsor), in consultation with the NDA/FP, may submit a concept²⁰ note for feedback and recommendations from GCF. The recommendation will clarify whether the concept is endorsed, not endorsed with a possibility of resubmission or rejected.



3. Funding Proposal submission

An accredited entity may submit a funding proposal²¹ to GCF in conjunction with the no-objection letter signed by the official representative of the NDA or focal point registered and listed on the Fund's website. At this stage, GCF acknowledges the submission, reviews it for completeness and acknowledges receipt.



In terms of financial instruments, concessional loans as well as guarantees will be available to public and private counterparts accredited to manage such finance. For the public sector, the GCF will use two sets of financial terms and conditions for outgoing loans (high and low concessionality). In addition, financial terms and conditions for guarantees managed will be established on a case-by-case basis for public sector entities. Private sector entities can also be accredited to manage equity investments.

Public sector and non-governmental entities can receive grants without repayment contingencies (there is no reimbursement required). The use of grants with repayment contingency shall be limited to the private sector and their terms and conditions shall be determined on a case-by-case basis. All non-grant instruments including loans, guarantees and equity extended to the private sector shall also be determined on a case-by-case basis.

²⁰ https://www.greenclimate.fund/documents/20182/574712/Form_01_-_Concept_Note.docx/18570723-5f7c-44c9-aacb-8c68fe99fce8

²¹ https://www.greenclimate.fund/documents/20182/574712/Form_02_-_Funding_Proposal.docx/dbade-9ba-0359-4efc-9c86-40e9d245463f

4. Analysis and recommendation

The GCF will carry out due diligence, assess compliance with interim environmental and social safeguards, gender policy and financial and other relevant policies. In addition, GCF through its Technical Advisory Panel will independently assess the performance of the Project/Programme against the criteria included in the Fund's investment framework. This will include assessment of the proposal's financial structure and concessionality, as relevant. Following these assessments, GCF will prepare a package of documents for the Board, which includes the funding recommendation.



5. Board decision

The Board will then make decisions to approve or reject the funding proposal, or to provide approval that is conditional on modifications to the project or programme design or subject availability of funding. GCF informs the AE and the NDA or focal point of the decision and next steps, and the Executive Director of the GCF and AE sign the necessary legal agreements between the GCF and AE.



6. Legal arrangements

Following the approval of funding for a proposal and signing of necessary legal arrangements, the project or programme moves into the implementation period whereby funds are transferred to the AE against agreed criteria, the Fund's fiduciary standards and ESS are applied, and an external audit report is submitted. Following these steps, the project or programme becomes effective, and the process of monitoring and evaluation begins and continues until the project or programme closes and exits the Fund's portfolio.



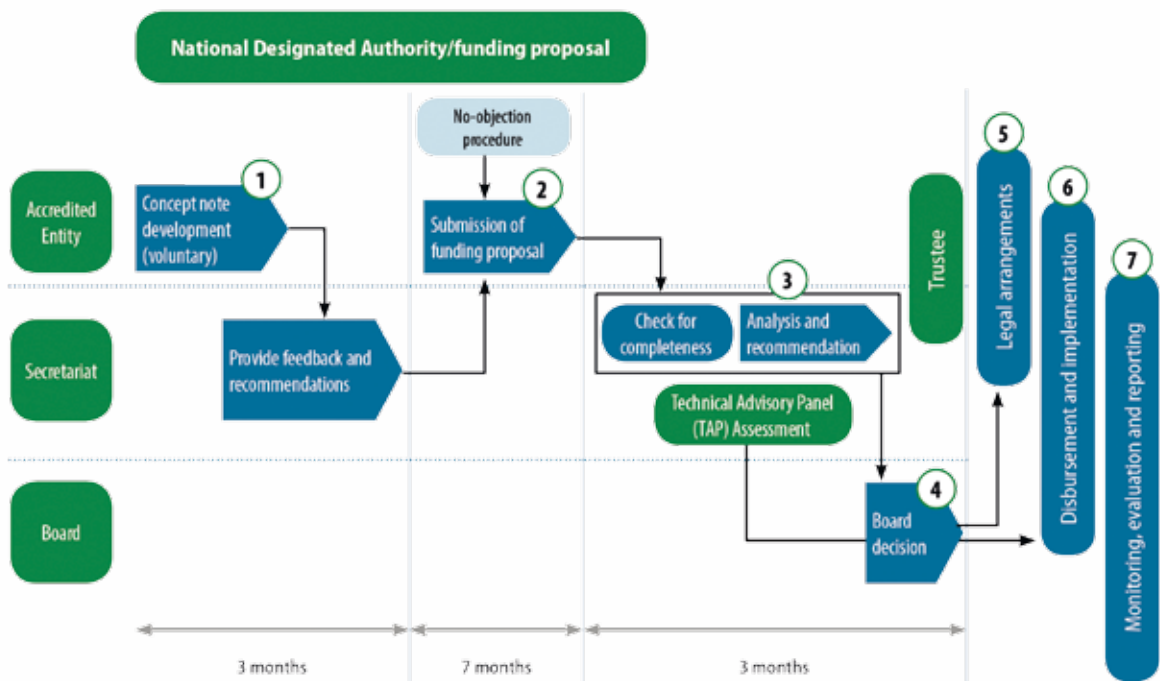
With referring to the GCF/B.07/03 "From the Fund's point of view, the difference between a project and a programme is as follows. A project is a time-bound arrangement established to deliver specific (often tangible) outputs in line with pre-defined time, cost and quality constraints. A programme is a portfolio comprised of multiple projects or activities that are managed and coordinated as a unit with the objective of achieving (often intangible) outcomes and benefits. A programme is typically less apt to be time-bound than a project".

2 - TIMEFRAME OF PROJECT/PROGRAMME CYCLE

The approval process for activities supported by the GCF is embedded in a transparent approval cycle that the GCF would follow. On an indicative basis, the average timeframe for a GCF Project/Programme cycle is approximately 13 months, namely:

- i. 3 months for the submission and approval of a concept note;
- ii. 7 months for the development and submission of a funding proposal; and
- iii. 3 months for the GCF Board of Directors approval of the funding proposal.

In practice, the approval process is largely dependent on the quality of the project document and the responsiveness of the EA and the national partners.



Source: adapted from GCF Process Flow Chart²²

Figure 9 - Overview of the GCF project cycle and different actors involved at each stage

PROJECTS AND PROGRAMMES DEVELOPMENT PROCESS OVERVIEW



Project proponents may decide to prepare a one-step (Full Proposal) or two-step application (concept note followed by funding proposal). While it is a voluntary step, developing a concept note is highly recommended as experience has shown that it leads to better funding proposal.

It provides the opportunity to start a dialogue with the GCF Secretariat and receive valuable feedbacks and guidances.

1 - CONCEPT NOTE DEVELOPMENT

The project proponent, in consultation with the NDA, may submit through an AE a concept note for feedback and recommendations from the GCF. Alternatively, the concept note may be submitted by the NDA if an associated AE has not been identified by the project proponent. Recommendations will clarify whether the concept is i) endorsed; ii) not endorsed with a possibility of resubmission; or iii) rejected.

- In writing up a concept note, project proponents should use the GCF's concept note template ²².
- GCF Secretariat feedback about submitted concept notes does not represent a commitment to provide financial resources to support the project.
- The AE must inform the NDA or focal point about its submission of a concept note to GCF.

The GCF Secretariat will review the alignment of the concept note with its investment framework, its Results Management Framework (RMF) and other GCF criteria. It will respond to the submitter (with copy to the NDA), and provide feedback on alignment with the GCF's objectives. More information about the development of a concept note is available on the concept note User's Guide ²³.

Concept note Submission is not compulsory however; GCF Secretariat recommends going in this direction. An indicative list of supporting documents for concept note may include:

- Map indicating the location of the Project/Programme;
- Financial Model;
- Pre-feasibility Study;
- Feasibility Study (if applicable);
- Environmental and Social Impact Assessment (if applicable);
- Evaluation Report (if applicable).

²² https://www.greenclimate.fund/documents/20182/574712/Form_01_-_Concept_Note.docx/18570723-5f7c-44c9-aacb-8c68fe99fce8

²³ https://www.greenclimate.fund/documents/20182/239759/GCF_Concept_Note_User_s_Guide.pdf/64866eea-3437-4007-a0e4-01b60e6e463b

2 - STEPS TO SUBMIT AN ELIGIBLE FINANCING PROPOSAL

Project proponents can submit funding proposals to the GCF through an AE. They can submit spontaneously on an ongoing basis, or by responding to a request for proposals published by the GCF, NDA/FP or AE.

Filling in the GCF's proposal template requires considerable research, consultation and thinking regarding project's design and costing. The process to obtain the no-objection letter from the NDA will vary considerably depending on the project scale, the financial instruments used, the country of implementation and the AE selected.

Project proponents are expected to develop their funding proposals in close consultation with the country's NDA and with due consideration of the GCF's investment framework, ESS, Gender Policy and RMF.

Once all the information required to complete the template²⁴ is available, the proposal should be entered into the GCF's funding proposal template. Sections A, B, D, E and H of the funding proposal (see the funding proposal template at the link below) require detailed inputs from the project proponent. For all other sections, project proponents have discretion in how they wish to present the information. Project proponents may either incorporate information directly into the proposal, or provide summary information in the proposal with cross-reference to other project documents such as a project appraisal document.

Submitting a funding proposal to the GCF Secretariat

- Funding proposals that are submitted to GCF are subject to a rigorous review process, culminating in a decision by the GCF Board as to whether to support the project.
- Funding proposals must include an impact assessment to ensure the project meets the GCF's ESS, including gender policy. This requires extensive consultation with those who would be affected by the project, and must be published 120 days before the Board decision for category A (high risk) projects and 30 days for category B (medium risk) projects.
- The no-objection letter should be submitted within 30 days of the proposal itself, but can be separate from the proposal. It must be signed by the relevant country NDA. GCF Secretariat carries out a receipt and completeness check.
- The GCF Secretariat first assesses the submitted funding proposal and the technical specifications alongside the documents that need to accompany it.
- At this stage, the GCF Secretariat may contact the AE to discuss the proposal and seek to strengthen the application in advance of further, more detailed review.

²⁴ https://www.greenclimate.fund/documents/20182/574712/Form_02_-_Funding_Proposal.docx/dbade-9ba-0359-4efc-9c86-40e9d245463f

3 - SIMPLIFIED APPROVAL PROCESS (SAP)

Adopted during the 18th Board meeting in October 2017, the Simplified Approval Process (SAP) intends to reduce the time and effort needed in the preparation, review, approval and disbursement procedures for proposals of some activities, in particular small-scale activities. For that a simplified concept note has been developed. Under the SAP, the documentation and review processes for bringing Project/Programme from conception to implementation are reduced and simplified.

The simplifications are two-fold:

1. The application process is simpler, requiring fewer pages and easier form-filling. There are dedicated templates²⁵ for concept notes and full Funding Proposals²⁶; and
2. The review and approval processes are streamlined.

Projects/Programmes are eligible for the SAP if they meet three main eligibility criteria:

1. Ready for scaling up and having the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development;
2. A request for financing to GCF of up to USD 10 million of the total project budget;
3. The environmental and social risks and impacts are classified as minimal to none.

AEs, NDAs/FP can submit concept notes under the SAP. In particular, the GCF encourages Direct Access Entities to take advantage of this opportunity. Further information on the SAP, including the concept note template with an ESS checklist, is available on the GCF SAP funding proposal preparation guidelines.²⁷

²⁵ https://www.greenclimate.fund/documents/20182/574712/Form_01_-_Simplified_Approval_Process_Concept_Note.docx/42221e53-650d-4c6d-9ccc-dda8a9237ea1

²⁶ https://www.greenclimate.fund/documents/20182/574712/Form_01_-_Simplified_Approval_Process_Funding_Proposal.docx/8b3b302d-bfc6-e992-6113-98225b7bf20c

²⁷ https://www.greenclimate.fund/documents/20182/194568/Simplified_Approval_Process_SAP_funding_proposal_preparation_guidelines__A_practical_manual_for_the_preparation_of_SAP_proposals.pdf/0e3c3e7d-199a-6a70-6839-ea4e31d09ff8

4 - WHAT IS THE ROLE OF EACH STAKEHOLDER IN THE PROJECT /PROGRAMME DEVELOPMENT?

There are three main actors with a role to play in interacting with the GCF; putting a funding proposal together; and, if successfully approved, overseeing and managing implementation and completion of the project.

The role of the NDA/FP remains however certainly the most important notably in terms of coordination of the whole process

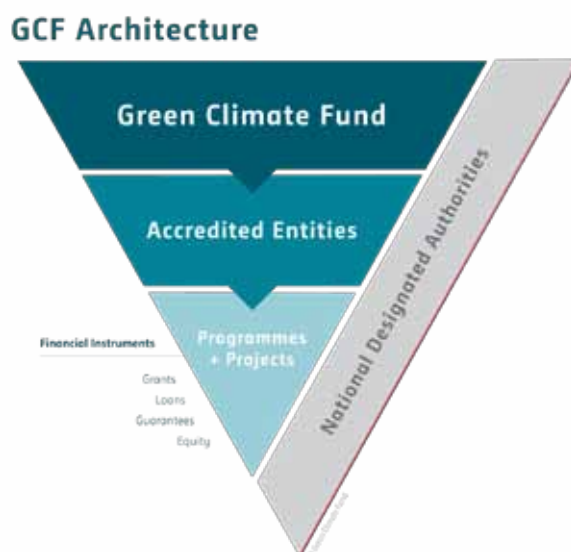


Figure 10 GCF architecture
(<https://www.greenclimate.fund>)

National Designated Authority / Focal Point (NDA/FP)

The NDA/FP is the focal agency and point of contact with the GCF. The NDA/FP develops work programmes and oversees proposals. The list of NDAs and Focal Points is available at www.greenclimate.fund/partners/countries/nda-directory.

Accredited Entity (AE)

An AE is accountable directly to the GCF's Board for the overall management of projects, as well as for the financial, monitoring and reporting aspects of project activities. The AE may be public or private, and may include the following:

- Direct Access Entities are sub-national, national or regional organizations that need to be nominated by developing country NDA/FP.
- International Access Entities can include United Nations agencies, multilateral development banks, international financial institutions and regional institutions. They do not need to be nominated by developing country NDA/FP.

In addition to project management responsibilities, an AE may be an intermediary which administers grants and loans while blending funds with its own and others'.

Executing Entity

A project proponent that is not an Accredited Entity (AE) can act as an Executing Entity (EE). While an AE acts as a country's GCF programme managers, the EE is in charge of executing eligible activities supported by the GCF under the oversight of the AE. An AE can also execute projects itself. The list of existing AEs is available at www.greenclimate.fund/partners/accredited-entities/ae-directory.

Table 3 - Main functions of key actors

| Category | Examples |
|-------------------------------------|--|
| National Designated Authority (NDA) | <ul style="list-style-type: none">• Providing strategic oversight of a country's priorities• Convening national stakeholders• Providing nomination letters for the accreditation of NIEs• Providing no-objection letters for projects and programmes• Approving readiness support |
| Accredited Entity (AE) | <ul style="list-style-type: none">• Developing and submitting funding proposals for projects and programmes• Overseeing project and programme management and implementation• Deploying and administering a range of financial instruments (grants, concessional loans, equity and guarantees)• Mobilizing private sector capital for blending with GCF and/or own resources |
| Executing Entity (EE) | <ul style="list-style-type: none">• Developing and submitting funding proposals for projects and programmes through AEs• Executing funding proposals• Working under supervision and overall management of the AE (no need for accreditation) |



WHAT ARE THE AVAILABLE FACILITIES AT THE GCF?

In order to support access to resources by the countries eligible for funding, the GCF has set up two preparatory facilities:

- 1. The Readiness and Preparatory Support Programme which aims to strengthen human and institutional capacities of the developing country;*
- 2. The Project Preparation Facility which aims to support Accredited Entities and intermediaries in the preparation of Project/Programme proposals.*

In addition to these two preparatory facilities, there is a Private Sector Facility (PSF) for the micro and small project categories.

1 - THE GCF READINESS AND PREPARATORY SUPPORT PROGRAMME

The Readiness and Preparatory Support Programme (the Readiness Programme) is a funding programme to enhance country ownership and access to the GCF. It provides resources for strengthening the institutional capacities including those of NDA/FP and Direct Access Entities to efficiently engage with the GCF. Resources may be provided in the form of grants or technical assistance.

All developing countries can access the Readiness Programme, and the GCF aims for a floor of 50 percent of the readiness support allocation to particularly vulnerable countries, including LDCs, SIDS, and African States.

This support may be delivered to countries through a wide range of delivery partners with relevant expertise and experience, as well as through NDAs or focal points directly.

The GCF Board has also allocated up to USD 3 million per country for the formulation of National Adaptation Plans (NAP) and/or other adaptation planning processes by NDAs or FPs. This support can facilitate the development of NAP, which set national priorities for measures to address adaptation to climate change.

Furthermore, GCF can provide capacity building for national or regional organizations (Direct Access Entities) that are nominated by their local NDAs. Support can be provided to enhance the ability of an entity to seek accreditation with the GCF, including for the fast-track accreditation process (pre-accreditation support).

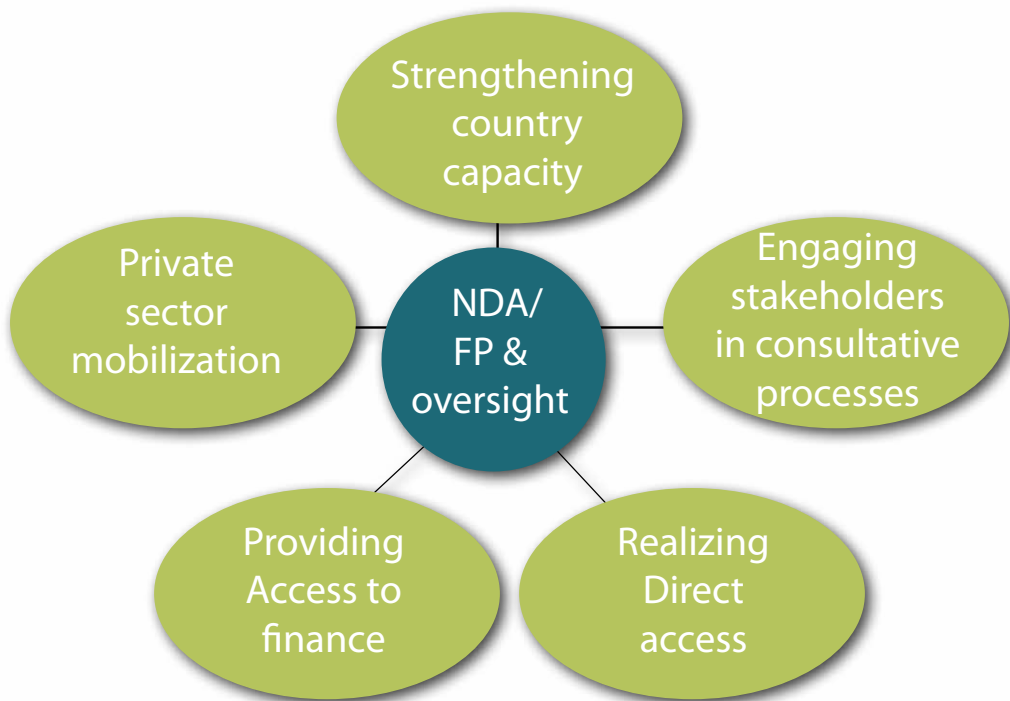
The Readiness Programme aims to support five outcomes:

- 1. Strengthening country capacity:** This can include providing support for building the capacity of developing country NDAs/FPs. Outcomes can include strengthened coordination mechanisms led by the NDA/FP, establishing 'no-objection' procedures to guarantee country ownership of GCF climate projects, as well as ensuring the monitoring, oversight and streamlining of climate finance.
- 2. Engaging stakeholders in consultative processes:** This can support the development of stakeholder engagement processes in relation to country priorities. This can include support for the development of a country programme that identifies strategic priorities for engagement with GCF, and annual reviews of the GCF portfolio for that country.
- 3. Realizing direct access:** The programme supports activities to support Direct Access Entities including: the accreditation of Direct Access Entities, post-accreditation support to build capacity, and the development of work programmes for AEs.

Up to USD 1 million per country per year may be provided under the Readiness Programme.

Of this amount, NDAs or focal points may request up to USD 300,000 per year to help establish or strengthen a NDA or focal point to deliver on the Fund's requirements.

- 4. Providing access to finance:** The programme can realize outcomes linked to achieving access to climate finance in developing countries. This might include supporting outcomes such as ensuring that country programmes implement high-impact priorities identified in INDCs and other national strategies, and ensuring the alignment of funding proposals, including for adaptation, with country priorities.
- 5. Mobilizing the private sector:** Support can cover measures to crowd in private and capital market financing for the implementation of country programme, and enabling private sector participation in public-private partnerships. Outcomes may include engaging the private sector in country consultative processes, approving private sector funding proposals, and creating enabling environments for private sector investments.



More information can be found at the Readiness Guidebook²⁸.

²⁸ https://www.greenclimate.fund/documents/20182/574766/Guidelines_-_Readiness_and_Preparatory_Support_Guidebook.pdf/9eea580f-a109-4d90-b281-c54695114772

2 - THE PROJECT PREPARATION FACILITY (PPF)

The GCF's Project Preparation Facility (PPF) provides support to turn a concept note into a full funding proposal. The Board will approve requests for support from project proponents, by reviewing and assessing them against GCF's investment criteria as well as its justification of needs for project preparation funding with information on the underlying project. The PPF is available to all Accredited Entities, with preference given to direct access entities submitting projects under the micro to small-size categories (up to US\$10 million). The PPF can support the following activities:

- Pre-feasibility and feasibility studies and project design
- Environmental, social and gender studies
- Risk assessments
- Identifying programme- and 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

Requests for PPF support are usually in the form of grants, but private sector projects may include other instruments, such as grants with repayment contingency and equity instruments. The grant is capped at 10% of total funding requested, or a maximum of US\$1.5 million.

Applications must be submitted by the Accredited Entity. The applicant must justify how the proposed project or programme is aligned with national priorities and ensure full country ownership. A no-objection letter from the NDA should be provided alongside the PPF application. It is therefore recommended that the applicant consult the NDA on the concept note at an early stage.

3 - THE PRIVATE SECTOR FACILITY (PSF)

The GCF is committed to unleash the potential of the private sector for clean energy and climate resilience projects in developing countries. It does so by leveraging its resources with the private sector.

GCF can finance private sector projects relating to mitigation and adaptation activities. Its core activities include clean energy, energy efficiency, climate-related innovation, resilient infrastructure, products and services for vulnerable communities, agriculture, forestry, food, water security, and ecosystems preservation.

GCF is unique in its ability to engage with both the public and private sector in transformational climate-sensitive investments.

GCF uses flexible financial instruments (including debt, equity, and guarantees). It can combine these instruments with concessional funding to promote private sector investing in its core activities by:

- De-risking investments, including foreign exchange and investors' default;
- Bundling small projects into portfolios, providing scale and making them attractive to institutional investors;
- Supporting capacity building amongst different groups and local institutions;
- Helping develop public-private partnerships for infrastructure resilience projects;
- Encouraging innovation, for example by overcoming scale problems and fragmentation within the supply chain;
- Being active in the clean energy, climate resilience and sustainability communities.

Annexes

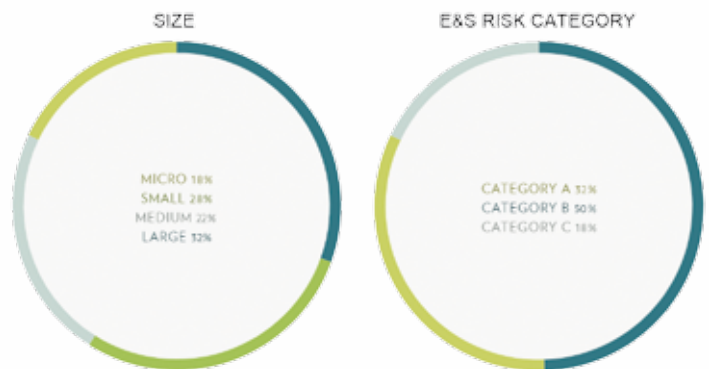
ANNEX 1: THE ACCREDITATION PROCESS IN FIGURES

- Entities that seek accreditation: 112
- Entities that have access to the online accreditation system: 98
- Entities that have the Board decision for accreditation (Stage II): 88
- Entities that have completed the accreditation process (stage III): 52



Of these 88 entities, 18% were accredited for the implementation of micro projects, 28% for small projects, 22% for medium projects and 32% for large projects.

Regarding the socio-environmental risks, 32% have been accredited to manage projects with a high risk (categories A), 50% for medium risk (category B) and 18% for the low risk (category C).



ANNEX 2: THE GCF IN FIGURES

As of 30 April 2019, the GCF has raised USD 10.3 billion equivalent in pledges from 48 countries/regions/cities. The objective is for all pledges to be converted into contribution agreements within one year from the time at which they are made.

- 5.2 billion was already committed (amount allocated to projects as approved by the GCF Board);
- 2.8 billion was already implemented (projects are under implementation once the funded activity agreement with the AEs becomes effective);
- 18.7 billion are the total amount for approved projects including GCF financing and co-financing.

| PLEGGED | COMMITTED | IMPLEMENTED | TOTAL VALUE |
|---------|-----------|-------------|-------------|
| 10.3 | 5.2 | 2.8 | 18.7 |
| billion | billion | billion | billion |

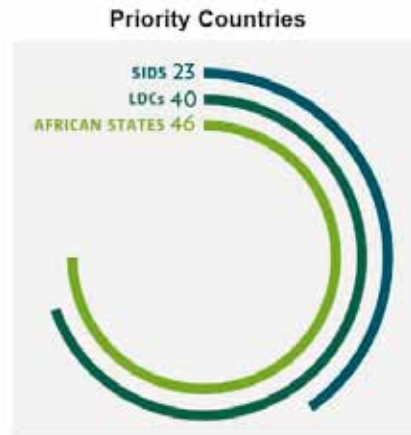
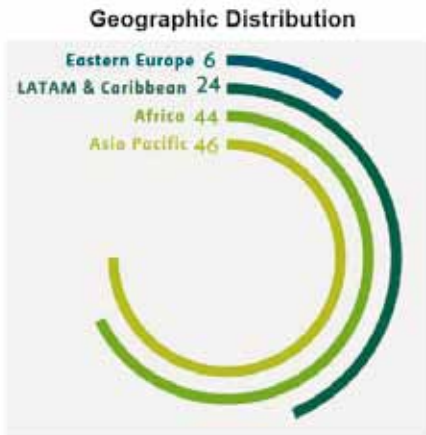
Approved projects

As of 17 October 2019, the GCF Board has approved 111 projects. These projects could reach about 310 million beneficiaries (people with increased resilience) and could contribute to the reduction of 1.5 billion tones of CO₂.

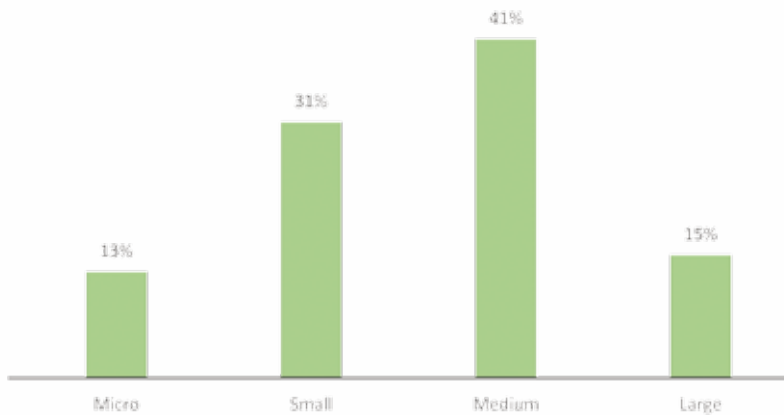
The funding amount by target is represented as follows: 42% of the amount has been approved for mitigation projects, 25% for adaptation and 33% for cross-cutting.



Regarding the Regional distribution, 46 projects out of 111 have been implemented in African countries, 40 in the Least Developed Countries (LDCs) and 23 in the Small Island Developing States (SIDS).



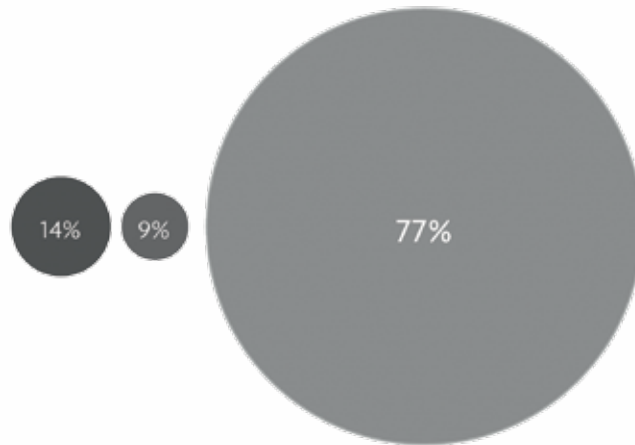
Regarding the sizes of projects, 13% of approved projects are classified as micro projects (less than USD 10 m), 31% as Small projects (between USD 10-50m), 41% as medium (between UDS 50-250m) and 15% as large projects (more than USD 250m).



The total amount of funding had so far been approved, 59% for the public sector and 41% for the private sector.



86 projects were managed by international access entities, representing 77% of the total approved projects. Only 15 projects were managed by national entities, i.e. 14% of total project and 10 projects were managed by regional entities, i.e. 9%.



ANNEX 3: INDICATIVE LIST OF ACTIVITIES FOR DIRECT SUPPORT TO NATIONAL DESIGNATED AUTHORITIES OR FOCAL POINTS AND ELEMENTS OF AN APPLICATION FOR DIRECT SUPPORT TO NATIONAL DESIGNATED AUTHORITIES OR FOCAL POINTS

1.1 Parameters for NDA or focal point funding

- a.** In recognition of their important role in strengthening country ownership and alignment with national priorities, NDAs or focal points may request direct support by the GCF of up to USD 300,000, to cover eligible costs for a two-year period;
- b.** Funding requests may be submitted year-round without an application deadline;
- c.** NDAs or focal points must commit to using GCF readiness support solely for the purpose described in the funding request and in accordance with the approved budget; and
- d.** NDAs or focal points applying for funding must submit the following documents to the Secretariat:
 - i.** An online funding request form which includes:
 - A detailed two-year budget outlining the NDA or focal point activities to be supported; and
 - A performance framework, including targets and milestones that describe how the proposed activities will contribute to strengthening the institutional capacity of the NDA or focal point and in-country coordination and consultation processes.
 - ii.** One month after completion of year 1 of the funding period, the NDA or focal point must submit a progress update describing (1) results achieved against intended targets; and (2) expenditures incurred (broken down by cost category and performance area), including an analysis of any variance between budgeted and actual expenditures.

1.2 Eligible costs for direct NDA or Focal Point funding

a. Eligible costs include the following items:

- i.** Human resources development

Funding for human resources development will include cost for training NDA or focal point staff members in areas relevant to the objectives of the Fund, such as project and programme development, international procurement, accounting, oversight, planning and monitoring and evaluation processes. This may include short-term or provisional

assignments for external contractors to support NDAs or focal points in exercising their functions outlined in decision B.04/05 (e);

ii. Technical Assistance

Technical Assistance can be used for costs directly related to technical or management assistance to support core NDA or focal point functions, including development of strategic priorities for engagement with the Fund, programme and project oversight and alignment with other national bodies' stakeholder engagement (such as civil society, academia and the private sector), dialogues with implementing entities and intermediaries;

iii. Planning and administration

This category includes the following costs:

- Organization of inter-ministerial coordination processes for GCF-related activities, in particular to assess consistency with national plans, pursuant to decision B.04/05 (e);
- Travel-related costs for members or invited experts, to attend NDA or focal point meetings; and
- Necessary information technology or other technical infrastructure.
- Limitations: A maximum of three inter-ministerial meetings per year should be budgeted;

iv. Other meeting expenses, training, workshops, consultations This category includes:

- Training and workshop organization and facilitation; and
- Consultations with non-governmental constituencies only (e.g. civil society, academia and the private sector) and processes to promote and improve the quality of stakeholder participation, including travel costs and per diems for civil society participation.
- Limitations: There should be no more than one stakeholder meeting per quarter with a maximum of two meetings funded per year.

v. Stakeholder meetings should not include more than 15 persons participating; and

vi. Communication materials: This category includes: printing, communication and IT costs associated with functions related to performing functions mentioned in decision B.04/05 (e).

1.3 Screening and review process

- a. In reviewing a request for direct NDA or focal point funding, the Secretariat will verify that the costs to be supported are eligible, reasonable and consistent with national operating costs; and

- b.** Funds will be approved for disbursement upon the submission of accurate and verifiable information provided by the NDA or focal point, and upon signing of the NDA or focal point funding agreement by all parties.

1.4 Financial review and audit

- a.** The NDA or focal point is requested to include in its proposal the arrangements for receipt and accounting of the funds in a transparent manner. The Secretariat and NDA or focal point will consult to identify a suitable disbursement arrangement that:
 - i. Is accountable, transparent and verifiable; and
 - ii. Facilitates access to NDA or focal point funding.
- b.** The GCF reserves the right to conduct an external/independent financial review, audit or evaluation, or to take any other action that it deems necessary to ensure accountability in the use of funds.

ANNEX 4: KEY DOCUMENTS OF THE GCF ACCREDITATION PROCESS

Introduction to Accreditation Framework

https://www.greenclimate.fund/documents/20182/818273/1.3_-_GCF_Accreditation_Introduction_February_2017.pdf/4d44997c-6ae9-4b0e-be5d-32da82e62725

- Self-assessment Tool

<https://www.greenclimate.fund/partners/accredited-entities/self-assessment-tool>

- Online Accreditation System (OAS)

<https://accreditation.gcfund.org/>

- OAS Account Request Form

https://www.greenclimate.fund/documents/20182/574712/Form_07_-_Request_for_an_Online_Accreditation_System__OAS__Account.docx/13906136-1e76-47d4-b2a7-ff291350baa8

- NDA/FP Nomination Letter for Application

https://www.greenclimate.fund/documents/20182/574715/Letter_to_GCF_05_-_Nomination_of_an_entity_for_accreditation_to_GCF.docx/ffe4baa5-af3f-4fca-a68b-d8f7fe7948ba

- Application Form with Examples

https://www.greenclimate.fund/documents/20182/574712/Form_05_-_Accreditation_Application.pdf/7cef5ed0-e42e-475a-9bd7-e099d64d6231

- Fast-Track Accreditation Guidance

https://www.greenclimate.fund/documents/20182/818273/GCF_Completing_a_fast-track_accreditation_application.pdf/7001d3be-e344-4643-b6e4-5b80e853b279

- OAS Terms and Conditions

https://www.greenclimate.fund/documents/20182/818273/GCF_Online_Accreditation_System_Terms_and_Conditions_V2_201505.pdf/c7785337-7242-4bec-9e2b-037586e976b7

- Letter on Accreditation and Confidentiality

https://www.greenclimate.fund/documents/20182/818273/1.5.5_-_Letter_on_Accreditation_and_Confidentiality.pdf/7c7d7b1e-1797-44fc-8b27-c79b1c576744

- OAS User's Guide

https://www.greenclimate.fund/documents/20182/818273/1.5.6_-_OAS_User_Manual.pdf/ceea2e51-1cbe-403b-ab7a-42eb0c57b0d2

- Accreditation Panel

https://www.greenclimate.fund/documents/20182/818273/1.11_-_Accreditation_Panel.pdf/688b7a94-d123-42e0-9afe-4bda843e868c

- Checklist Stage I (Secretariat)

https://www.greenclimate.fund/documents/20182/818273/1.5.7_-_Checklist_Stage_I_Secretariat_.pdf/3547b547-2e1e-425d-abc6-51fe606d7bdc

- Checklist Stage II (Accreditation Panel)

https://www.greenclimate.fund/documents/20182/818273/1.5.8_-_Checklist_Stage_II_Accreditation_Panel_.pdf/d0e3a1c9-7f2c-419d-8705-3a776ad58c6a

- Stage III - Accreditation Master Agreement Template

https://www.greenclimate.fund/documents/20182/574712/Form_05_-_Accreditation_Master_Agreement.pdf/8c4f6cbf-ae17-4856-81c1-64ac8fbfa506

- Stage III - Signed Accreditation Master Agreements (AMAs)

<https://www.greenclimate.fund/library/-/docs/list/383065>

GLOSSARY OF KEY TERMS

Accredited Entities (AE): An entity that is accredited by the GCF Board in accordance with their governing instrument and decisions.

Basic fiduciary standards: These standards assess the capacity of an entity to identify, prepare, submit and implement funding proposals for projects and programmes in line with national needs for mitigation and adaptation to climate change. They include: (a) key financial and administrative capacities; and (b) transparency and accountability.

Capacity building: In the context of climate change, the process of developing the technical skills and institutional capability in developing countries and economies in transition to enable them to address effectively the causes and results of climate change.

Climate change: A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

Climate finance: Climate finance refers to local, national or transnational financing drawn from public, private and alternative sources of financing that seeks to support mitigation and adaptation actions that will address climate change. ... Such mobilization of climate finance should represent a progression beyond previous efforts.

Climate finance readiness: Capacities of countries to plan for, access, deliver, and monitor and report on climate finance, both international and domestic, in ways that are catalytic and fully integrated with national development priorities and achievement of the Millennium Development Goals (MDGs) (United Nations Development Programme - UNDP).

Concept note: A project or programme concept document which provides basic information about a project or programme to seek feedback on whether the concept is broadly aligned with the objectives and policies of the Fund.

Environmental and Social Safeguards (ESS): A reference point for establishing criteria for accrediting institutional capacities and entities seeking accreditation to the Fund, and for identifying, measuring and managing environmental and social risks. The main purpose of the ESS is to determine the key environmental and social risks the AE intends to address in the conceptualization, preparation and implementation of funding proposals, and to provide guidance on how these risks are to be managed. ESS is based on the eight performance standards (PS) of the International Finance Corporation.

Executing Entities (EE): With respect to the Green Climate Fund, organizations that execute eligible activities supported by the GCF under the oversight of accredited Implementing or Funding Entities.

Fiduciary Standards: Refers to the basic and specialized fiduciary requirements of the GCF that AEs and readiness partners need to comply with depending on the nature of the activities funded by the GCF.

Funding Proposal: AEs can access GCF resources to undertake climate change projects and programmes by submitting funding proposals to the Fund.

Gender Policy: The Fund's gender policy aims to ensure the GCF will efficiently contribute to gender equality and will, in turn, achieve greater and more sustainable climate change results. The gender policy is applied to all of the Fund's activities, whether implemented by international, regional, national or subnational, public or private entities or institutions that access GCF's resources.

National Designated Authority (NDA): A core interface and the main point of communication between a country and the Fund. The NDA seeks to ensure that activities supported by the GCF align with strategic national objectives and priorities, and help advance ambitious action on adaptation and mitigation in line with national needs. A key role of NDAs is to provide letters of no-objections for project proposals.

Paradigm shift: A fundamental shift of all countries towards low-carbon and climate-resilient sustainable development, in accordance with the GCF agreed results areas and consistent with a country-driven approach. It should be noted that this is not an official definition from the GCF and that the terms <paradigm shift> and <transformational change> are often used interchangeably. The paradigm shift of a project corresponds to the degree to which the proposed activity can catalyze impact beyond a one-off Project/Programme investment. This can be emphasized by providing further details on the four related factors:

- **Potential for scaling up and replication:** The proposal should illustrate how the proposed Project/Programme's expected contributions to global low-carbon and/or climate resilient development pathways could be scaled up and replicated, including a description of the steps necessary to accomplish it.
- **Potential for knowledge and learning:** Any potential for the creation or the strengthening of knowledge, collective learning processes or institutions should be highlighted.
- **Contribution to the creation of an enabling environment:** The sustainability of outcomes and results beyond the completion of the intervention should be highlighted. The proposal should explain how proposed measures will create conditions that are conducive to effective and sustained participation of private and public-sector actors in low-carbon and/or resilient development that go beyond the programme.

- **Contribution to regulatory framework and policies:** The proposal should elaborate on how the proposed Project/Programme advances national/local regulatory or legal frameworks to systematically drive investment in low-emission technologies or activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development.

Project Preparation Facility (PPF): Supports AEs in project and programme preparation. It is especially targeted to support direct access entities, and micro-to-small size category projects. The PPF can support project and programme preparation costs from all AEs, especially direct access entities and especially for projects in the micro-to-small size category. Funding available is up to USD 1.5 million for each PPF request, and can be provided through grants and repayable grants while equity may be considered for private sector projects through grants or equity. Funding proposals developed with the PPF should be submitted to the GCF Board within two years of the approval of a PPF request.

Results Management Framework (RMF): A life-cycle approach to results management through measurements to improve decision making, transparency and accountability. The approach is in line with improving the way that the GCF functions by achieving outcomes through implementing performance measurement, learning and adapting, in addition to reporting performance.

Specialized Fiduciary Standards: These standards refer to the institutional capacities that will make entities eligible to undertake specialized activities within the GCF based on the nature and scope of their mandate. These include (a) Project management; (b) Grant award mechanisms and/or funding allocation mechanisms; and (c) On-lending and/or blending.

Theory of change: A methodology for planning, participation and evaluation that is used to promote long-term change. The theory of change defines long-term goals and then maps backward to identify necessary preconditions. The innovation of theory of change lies in making the distinction between desired and actual outcomes, as well as in requiring stakeholders to model their desired outcomes before they decide on forms of intervention to achieve those outcomes. The theory of change is an inclusive process involving stakeholders with diverse perspectives in achieving solutions. The ultimate success of any theory of change lies in its ability to demonstrate progress on the achievement of outcomes. Evidence of success confirms the theory and indicates that the initiative is effective. Therefore, the outcomes in a theory of change must be coupled with indicators that guide and facilitate measurement. The added value of a theory of change lies in outlining a conceptual model.

United Nations Framework Convention on Climate Change (UNFCCC): Is an international environmental treaty negotiated at the Earth Summit in Rio de Janeiro from 3 to 14 June 1992, then entered into force on 21 March 1994.

ACRONYMS

| | |
|---------------|---|
| GCF | Green Climate Fund |
| OSS | Sahara and Sahel Observatory - Observatoire du Sahara et du Sahel |
| ISBN | International Standard Book Number |
| NDA | National Designated Authority |
| FP | Focal Point |
| SAP | Simplified Approval Process |
| PPF | Project Preparation Facility |
| PSF | private Sector facility |
| INDC | Intended nationally determined contributions |
| UNFCCC | United Nations Framework Convention on Climate Change |
| CoP | Conference of the Party |
| IRM | Independent Redress Mechanism |
| AE | Accredited Entity |
| IPCC | Intergovernmental Panel on Climate Change |
| NDC | Nationally Determined Contributions |
| UN | United Nations |
| LDCs | Least Developed Countries |
| SIDS | Small Island Developing States |
| NDA/FP | Civil Society Organizations |
| NAPA | National Adaptation Programmes of Action |
| NAMAs | Nationally Appropriate Mitigation Actions |
| NAPs | National Adaptation Plans |
| OAS | Online Accreditation System |
| AMA | Accreditation Master Agreement |
| RMF | Results Management framework |
| CC | Climate change |
| ESS | Environmental Social Safeguards |
| IFC | International Finance Corporation |
| PS | Performance Standards |
| SAP | Simplified Approval Process |
| EE | Executing Entity |
| PSF | Private Sector Facility |
| PPF | Project Preparation Facility |
| MDGs | Millennium Development Goals |
| UNDP | (United nations development programme |
| CSOs | National Designated Authority or Focal Point |

Presentation

This document, “Guide Main steps for access to the Green Climate Fund - GCF”, was prepared in the framework of the Climate Readiness Project in Libya funded by the Green Climate Fund, which was implemented by OSS in coordination with the Environment General Authority - Libya.

This guide aims to further familiarize the Green Climate Fund, the financing possibilities it provides and the procedures to be followed in order to submit projects and obtain funds for their implementation while respecting the national laws and arrangements.

This guide is of interest to the various groups and parties involved in obtaining climate finance, whether they are from the public or private sector or civil society.