

Knowledge Series #1

# Climate Change Mitigation Funding

A Beginners Guide



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**Disclaimer:** This publication is made as a part of the programme on assessment and verification of low-carbon technologies at overseas supported by the Ministry of the Environment, Japan (MOEJ) and compiled by the Institute for Global Environmental Strategies (IGES) and the Asian Institute of Technology (AIT). The content relating to the Green Climate Fund are solely by the authors of this booklet and are not endorsed nor authorized by the Green Climate Fund.

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# List of Acronyms

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<b>ACEF</b>	Asian Clean Energy Fund
<b>ADB</b>	Asian Development Bank
<b>ADF</b>	Asian Development Fund
<b>AfDB</b>	African Development Bank
<b>CBIT</b>	Capacity Building Initiative for Transparency
<b>CCF</b>	Climate Change Fund
<b>CCSF</b>	Carbon Capture and Storage Fund
<b>CEF</b>	Clean Energy Fund
<b>CEFPF</b>	Clean Energy Financing Partnership Facility
<b>CEO</b>	Chief Executive Officer
<b>CFPS</b>	Canadian Climate Fund for the Private Sector in Asia
<b>CIF</b>	Climate Investment Funds
<b>CIP</b>	Country Investment Plan
<b>COBP</b>	Country Operations Business Plan
<b>COP</b>	Conference of the Parties to the UNFCCC
<b>CPS</b>	Country Partnership Strategy
<b>CTF</b>	Clean Technology Fund
<b>DMC</b>	Developing Member Country
<b>EA</b>	Enabling Activity
<b>ERDB</b>	European Bank for Reconstruction and Development
<b>FIP</b>	Forest Investment Program
<b>FSP</b>	Full-sized Project
<b>GAFSF</b>	Global Agriculture and Food Security Program

<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse Gas
<b>GoJ</b>	Government of Japan
<b>IC</b>	Investment Committee
<b>IDA</b>	International Development Association
<b>IDB</b>	Inter-American Development Bank
<b>IEO</b>	Independent Evaluation Office
<b>IFC</b>	International Finance Corporation
<b>JF-JCM</b>	Japan Fund for the Joint Crediting Mechanism
<b>JFO</b>	Japanese Representative Office
<b>LBL</b>	LIBOR-based loans
<b>LDCF</b>	Least Developed Countries Fund
<b>LDCs</b>	Least Developed Countries
<b>LIBOR</b>	London Interbank Offered Rate
<b>MDB</b>	Multilateral Development Bank
<b>MSP</b>	Medium-sized Project
<b>NAP</b>	National Adaptation Plan
<b>NDA</b>	National Designated Authority
<b>ODA</b>	Official Development Assistance
<b>PA</b>	Programmatic Approaches
<b>PAM</b>	Project Administration Manual
<b>PIF</b>	Project Identification Form
<b>PPCR</b>	Pilot Program for Climate Resilience
<b>PPF</b>	Project Preparation Facility
<b>PSF</b>	Private Sector Facility
<b>RRP</b>	Report and Recommendation of the President

<b>SCCF</b>	Special Climate Change Fund
<b>SCF</b>	Strategic Climate Fund
<b>SIDS</b>	Small Island Developing States
<b>SREP</b>	Scaling up Renewable Energy Program
<b>STAP</b>	Scientific and Technical Advisory Panel
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>USD</b>	United States Dollar





# Introduction

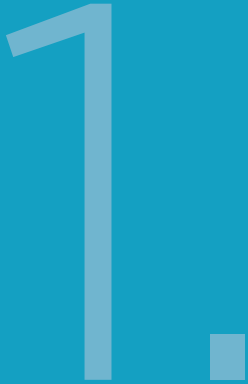
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Climate change is a global challenge, which has increasingly become everyone's business. More and more organisations, public and private, non-governmental, non-profit and entrepreneurial realize that with the challenge comes an opportunity. And the urgency to solve the global problem is proving to be a catalyst for tremendous innovation and progress.

This Beginner's Guide to the Climate Change Mitigation Funding has been designed for a multitude of stakeholders wishing to contribute to combatting climate change, while taking advantage of the emerging technologies; profiting from energy and resource-efficient approaches, and testing ingenious ideas. Securing adequate funding is often a first and crucial step on this path.

To facilitate this step, the guide provides its readers with a brief overview of the operational modalities of several major international financial institutions offering resources for the mitigation of climate change. These institutions include the Asian Development Bank (ADB), the Climate Investment Funds (CIF), the Global Environment Facility (GEF) and the Green Climate Fund (GCF). It is hoped that the guide will help many organisations in choosing a financial institution suitable for their needs, and embark on developing innovative project proposals.

The Ministry of the Environment of Japan provided financial support and intellectual leadership for the publication of this guide.



**ASIAN DEVELOPMENT BANK**

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## 1.1. About

The Asian Development Bank (ADB) is a multilateral development bank established in 1966 primarily to catalyse inclusive economic growth, promote and accelerate sustainable development, and strengthen cooperation among countries in the Asia and Pacific region. To meet these objectives, the ADB facilitates policy dialogues, provides advisory services, and mobilises financial resources from an array of public and private international sources to its developing member countries (DMCs).

The ADB offers to its DMCs a multitude of funds through ordinary and special operations as provided by its charter. On one hand, the loans offered under ordinary operations are financed through ADB's Ordinary Capital Resources (OCR) and on the other hand, special operations are financed through Special Funds, Trust Funds, and Financing Partnership Facilities. The financial resources offered by the ADB are available through both sovereign (public) and non-sovereign (private) financing windows.

The loans financed through the OCR are London Interbank Offered Rate (LIBOR)-based loans (LBLs) that carry a floating lending rate or a variable interest rate. An LBL provides the transparency for the borrower to compare loan products from the ADB against other lenders in the market in order to arrive at the best lending terms. In addition, LBLs allow borrowers the flexibility to (i) choose the

loan currency and interest rate basis, (ii) avail of various repayment options, (iii) change certain terms of the original loan agreement during the life of the loan subject to conditions, and (iv) purchase a cap which sets a ceiling on the interest rate or a collar where the borrower and ADB sets a ceiling and a floor to the interest rate of the loan. The flexibility to purchase a cap or a collar is a key feature that helps protect the loan from any negative effects that may arise from the variability in the market.

<b>Special Funds</b>	<b>Trust Funds</b>	<b>Financing Partnership Facilities</b>
<p>Funds established by the ADB alone or together with contributing partners for a clearly defined purpose. Special funds are commonly used to provide loans that offer lower interest rates and longer repayment schedule as compared to ordinary loans.</p>	<p>Grant resources contributed by a single or multiple partners, and available for a set of recipient countries, a target area, or programmes. Trust Funds can be established as stand-alone arrangements or as part of a Financing Partnership Facility.</p>	<p>Operational mechanisms that pool various forms of resources such as grants from Trust Funds, loans from Special Funds, guarantees, and cooperation arrangements by the ADB to provide support that is tailored to the needs of DMCs.</p>

In addition, the ADB administers other forms of funds, including Global Funds to which it also contributes. The ADB is also an implementing entity to the Green Climate Fund (GCF) and administration of GCF funds is pending the finalization of the Accreditation Master Agreement (AMA) at the time of writing.

## Global Funds that ADB administers

			
Climate Investment Funds (CIF)	Global Agriculture and Food Security Program (GAFSP)	Global Environment Facility (GEF)	Global Partnership for Education Fund

## 1.2. Target Areas

Given that this guide is focused on access to climate change mitigation funding, the following funds are described below: the Climate Change Fund (CCF), the Japan Fund for the Joint Crediting Mechanism (JF-JCM) and the Clean Energy Financing Partnership Facility (CEFPF).

### 1.2.1. Ordinary Capital Resources

The OCR covers much of ADB's operations and are used in a wide range of sectors that include agriculture, education, energy, finance, public sector management, social protection, transport and information and communication technology, and municipal infrastructure and services.

## 1.2.2. Asian Development Fund

The Asian Development Fund (ADF) is a special fund established in 1973 primarily to bridge the development gap amongst ABD's poorest member countries and most vulnerable economies and thrust sustainable development in Asia and the Pacific. The ADF focuses the following areas:

✓	Inclusive Economic Growth
✓	Environmentally Sustainable Growth
✓	Regional Cooperation and Integration

The merger OCR and ADF that was unanimously endorsed in May of 2015 by the ADB's Board of Governors and is bound to take effect in 2017, is a very important and innovative approach that nearly doubles ADB's lending capacity and in turn, be able to help more ABD member countries.

## 1.2.3. Climate Change Fund

The CCF is a Special Fund established with the purpose of providing resources for both adaptation to, and mitigation of, climate change. It focuses on four areas of intervention presented below.

✓	Reduced emissions from deforestation and degradation, and improved land use management (REDD+/Land use)
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✓	Adaptation through the enhancement of climate resilience
✓	clean energy, sustainable transport and low-carbon urban development.
✓	Climate finance readiness

#### 1.2.4. Japan Fund for the Joint Crediting Mechanism

The JF-JCM is a Trust Fund that focuses primarily on encouraging the adoption of advanced low carbon technologies for public and private sector projects financed by the ADB.

✓	Cover the Incremental costs of adopting advanced low carbon technologies
✓	Demonstrate the effectiveness of the Joint Crediting Mechanism

#### 1.2.5. Clean Energy Financing Partnership Facility

Established in April 2007, the CEFPP aims to help provide financing to ADB's developing member countries (DMCs) to improve energy security, access and mitigate climate change through increased use of clean energy. Financing support from CEFPP can only be accessed through the Operation Departments of ADB including the Private Sector Department of the Bank. The CEFPP is composed of four Trust Funds:

Asian Clean Energy Fund (ACEF)	Canadian Climate Fund for the Private Sector in Asia (CFPS)	Carbon Capture and Storage Fund (CCSF)	Clean Energy Fund (CEF)
<p>A single-partner Trust Fund supported by Japan that prioritises activities implemented in cooperation with Japanese aid agencies. Fund allocation requires concurrence by Government of Japan.</p>	<p>A single-partner Trust Fund supported by Canada that prioritises private sector projects in the domain of clean energy, including renewable energy, energy efficiency and cleaner fuels. It also prioritises enabling activities that promote private sector investments.</p>	<p>A multi-partner Trust Fund supported by Global CCS Institute and the United Kingdom that prioritises the demonstration of carbon capture and storage technologies, and the elimination of barriers hindering the introduction of these technologies.</p>	<p>A multi-partner fund supported by Australia, Norway, Spain, Sweden and the United Kingdom that prioritises technical assistance, grant component of investments.</p>



## 1.3. Financial Instruments

The funds described offer grants, technical assistance, equity and concessional loans.

Sovereign	Nonsovereign
<ol style="list-style-type: none"><li>1. Grants</li><li>2. Technical Assistance</li><li>3. Loans (LIBOR, Local Currency)</li><li>4. Guarantees</li><li>5. Multitranche Financing</li></ol>	<ol style="list-style-type: none"><li>1. Grants</li><li>2. Loans and Debt Instruments</li><li>3. Equity</li><li>4. Guarantees</li><li>5. Technical Assistance</li></ol>

Specifically, the JF-JCM provides grants as follows:

Sovereign	Nonsovereign
<ul style="list-style-type: none"><li>• Up to USD 5 million for projects with a total cost of less than USD 50 million; and</li><li>• The lesser between 10 percent of the project cost and USD 10 million for projects with a total cost of over USD 50 million.</li></ul>	<ul style="list-style-type: none"><li>• Up to 10 percent of the total project cost or USD 10 million, whichever is lesser.</li></ul>

The grants primarily cover the incremental costs of adopting advanced low-emission technologies in eligible projects. An important feature of the JF-JCM allow for the use of its resources to buy down the interest rate of ADB loans for the private sector. The JF-JCM funds can be used for (i) goods and services, (ii) consulting services, (iii) training and capacity building, and (iv) civil works.

To encourage the adoption of advanced low carbon technologies, the JF-JCM provides resources that enable projects to use these technologies.	JF-JCM	Incremental cost for adopting advanced low-carbon technologies
	ADB	<b>Regular Project Cost</b>

## 1.4 Eligibility

Only ADB Developing Member Countries and the private sector operating within these DMCs are eligible to access resources from the CCF, JF-JCM, and CEFPP.

Private Sector Eligibility for CCF, JF-JCM, and CEFPP	
✓	Established and/or operating in a DMC
✓	Have access and accountability to legal procedures in the DMC where it is operating

## Japan Fund for the Joint Crediting Mechanism

For country eligibility, the JF-JCM requires DMCs to have a JCM bilateral agreement with Japan.

For project eligibility, the JF-JCM requires the project to be:

✓	Aiming at adopting advanced low-carbon technologies that reduce GHG emissions, particularly CO2 emission reductions from fuel combustion. Lowcarbon technologies from any sector are eligible as long as their effectiveness in reducing GHG emissions has been demonstrated in an actual project implementation setting
✓	Having recipients of JF-JCM grants agreed to meet the requirements of the JCM and apply to the joint committee of the JCM for JCM credits
✓	Incorporating environmental and social benefits such as reduction of waste and pollution, increased job opportunities, and better access to infrastructure
✓	With high demonstration potential for replication and scalability in the target country or elsewhere in the region
✓	Meet other criteria detail in the JF-JCM guidelines which are updated periodically

## **Ordinary Capital Resources**

The OCR are available to the following countries:

Armenia, Azerbaijan, Bangladesh, People's Republic of China, Cook Islands, Fiji, Georgia, India, Indonesia, Kazakhstan, Malaysia, Federated States of Micronesia, Mongolia, Pakistan, Republic of Palau, Papua New Guinea, Philippines, Sri Lanka, Thailand, Timor-Leste, Turkmenistan, Uzbekistan, Viet Nam.

## **Asian Development Fund**

The ADF resources are available only to the following countries:

Afghanistan, Armenia, Bangladesh, Bhutan, Cambodia, Georgia, Kiribati, Kyrgyz Republic, Lao People's Democratic Republic, Maldives, Marshall Islands, Mongolia, Myanmar, Nauru, Nepal, Pakistan, Palau, Papua New Guinea, Samoa, Solomon Islands, Sri Lanka, Tajikistan, the Federated States of Micronesia, Timor-Leste, Tonga, Tuvalu, Uzbekistan, Vanuatu, Viet Nam.

## **Canadian Climate Fund for the Private Sector in Asia**

The CFPS resources are available only to the following countries:

Afghanistan, Armenia, Bangladesh, Bhutan, Cambodia, Cook Islands, Fiji, Georgia, India, Indonesia, Kiribati, Lao PDR, Maldives, Marshall Islands, Federated States of Micronesia, Mongolia, Myanmar, Nauru, Nepal, Pakistan, Palau, Papua New Guinea, the Philippines, Samoa, Solomon Islands, Sri Lanka, Tajikistan, Timor-Leste, Tonga, Tuvalu, Uzbekistan, Vanuatu and Viet Nam.

In addition, concessional loans are only provided to projects that:

✓	Do not benefit from a government financial guarantee
✓	Do not require concessional financing to be viable

## 1.5. Modalities of Access

### Country Access

Resources are accessible through an active country programming that consists of a Country Partnership Strategy (CPS) and a Country Operations Business Plan (COBP) with the ADB.

The CPS is a medium-term plan coherent with the national development plans and poverty alleviation goals of a country. It outlines the DMC's and ADB's strategies to address particular challenges faced by a DMC. The CPS also outlines specific sector objectives, which provide the initial indication for identifying potential projects. The COBP is a three-year plan that details how the CPS will be implemented. These documents are developed after close consultation between the ADB and the DMC.

## 1.6. How to access funding

The ADB project cycle is described below. It is based on the assumption that a CPS and a COBP are in place.

## **1.6.1. Sovereign financing window**

### **Step 1: Project Concept Approval**

The project development typically begins with a project concept approval. A concept paper is prepared by the ADB project officer in consultation with the project proponents and relevant operations department of the ADB, and then submitted to the Operations Vice President for consideration.

The consideration for the project concept will result in a risk categorisation of either Low or Complex, which determines the level of due diligence the ADB will carry out in relation to this project.

### **Step 2: Project Design and Due Diligence**

After the concept approval, a project design process is carried out collectively with the participation of the project proponent, the ADB, development partners, beneficiaries, and stakeholders. The design process generally involves project preparation support, fact-finding, and management meetings based on the risk categorisation.

A project administration manual (PAM) also has to be developed by the project proponent in consultation with the ADB and the country government. This manual details the implementation plan of the proposed project.

### **Step 3: Approval**

The overall design is assessed by the ADB project team on the basis of the following domains: technical, financial, economic, legal, safeguards and coherence with the CPS.

The Report and Recommendation of the President (RRP) is prepared after the appraisal by the ADB project team and the approval of the President. The RRP together with the full project proposal is then endorsed by the Board of Directors.

### **Step 4: Implementation**

The project implementation is carried out according to the PAM developed during the project design process.

## **1.6.2. Non-sovereign financing window**

In the private sector, the project development begins with a project proponent submitting a project concept to the ADB's Private Sector Operations Department. The ADB prescribes no standard template for submission, but outlines a detailed list of information requirements at their website.

If the project concept satisfies the ADB's investment criteria, a concept review paper prepared by the ADB project officer together is submitted for review and approval to the ADB's Investment Committee (IC). This process is similar to the project concept approval process described in relation to the sovereign financing window.

After the clearance from the IC, Due Diligence is carried out by the ADB to assess the project design in terms of technical, economic and commercial viability; legal framework; and safeguards.

Following the ADB appraisal after due diligence, the process follows the same steps as in the case of the sovereign financing window where an RRP is prepared, and together with a full project proposal endorsed by the Board of Directors.

### **1.6.3. Japan Fund for the Joint Crediting Mechanism**

The application process for the JF-JCM resources utilises the previously described project cycle with some additional requirements, which are outlined below.

A preliminary project proposal prepared by the ADB project officer with inputs from the project proponent is submitted by the ADB, before or after ADB's project concept approval, to the Government of Japan (GoJ) for initial screening. After the screening approval from the GoJ, a project proposal is prepared including a technical specifications and life cycle costs of the advanced low-emission technology to be procured for the project.

Upon the assessment and approval by an internal committee, the project proposal is submitted to the GoJ for its final approval.

After the final approval from the GoJ, all steps from the project design process up to the final approval of the Board of Directors are carried out according to the project cycle of the ADB.



During the project implementation, the procurement process for the indicated advanced low-emission technology are carried out according to the ADB Procurement Guidelines.

## 1.7. Portfolio

Figures below reflect the values from the ADB Financial Report 2015 and CEFPF Annual Report 2015. Figures presented are in million USD.

		Resources	Available
<b>Climate Change Fund</b>		60.0	11.0
<b>JF-JCM</b>		42.6*	-
<b>CEFPF</b>	ACEF	57.1	19.9
	CFPS	81.5	35.9
	CCSF	41.1	31.2
	CEF	80.8	34.6
<b>Total</b>		352.2	132.6

Source:

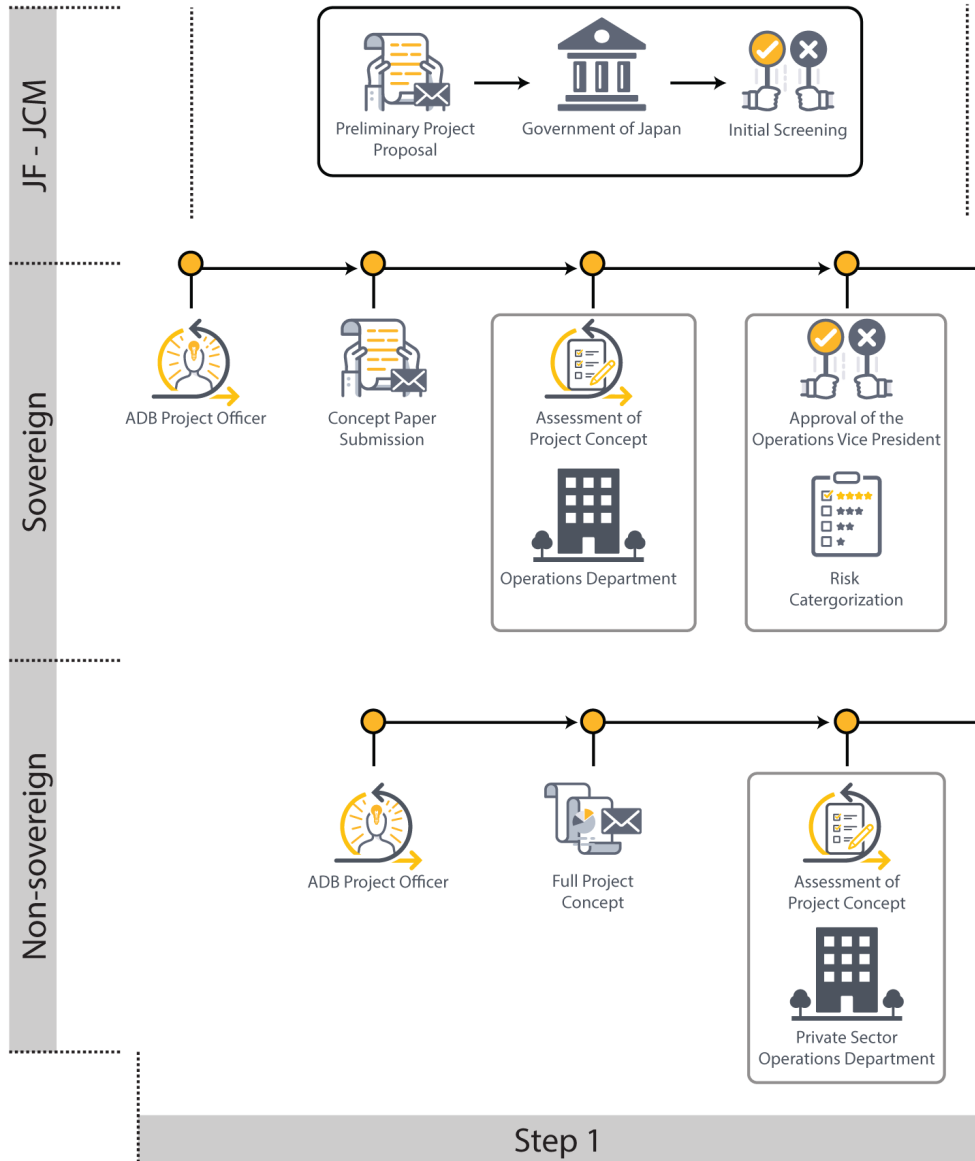
\* As of December 2016.

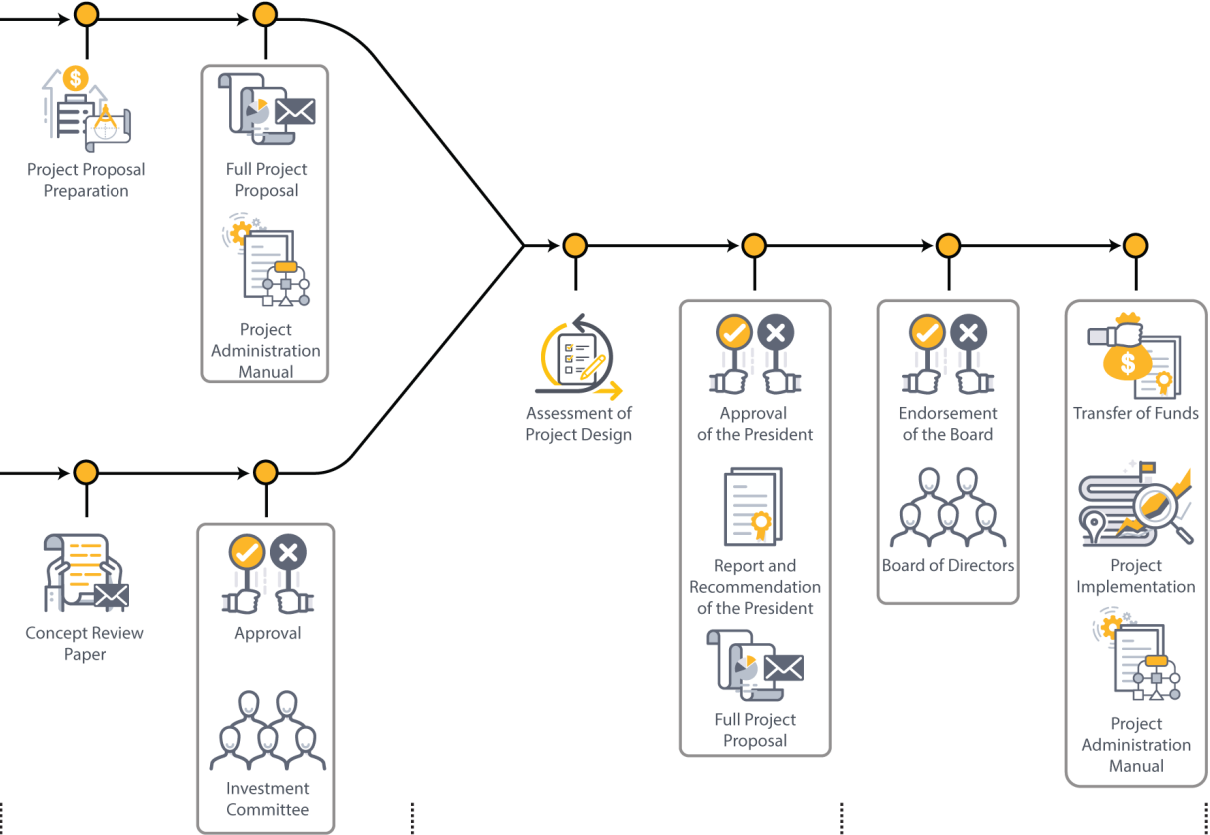
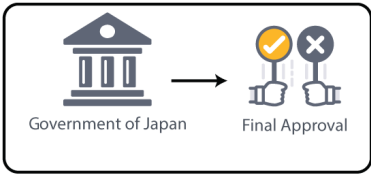
<https://www.adb.org/site/funds/funds/japan-fund-for-joint-crediting-mechanism>

<https://www.adb.org/sites/default/files/institutional-document/182852/adb-financial-report-2015.pdf>

<https://www.adb.org/sites/default/files/institutional-document/182927/cefpf-annual-report-2015.pdf>

# Project Cycle





Step 2

Step 3

Step 4

## 1.8. Contact details and Links

The ADB provides online contact forms to get in touch of any concerned officer.

For ADB Sovereign window, contact Treasury Department – Client Solutions Unit at <https://www.adb.org/site/public-sector-financing/contacts>

For ADB Nonsovereign window, contact the Private Sector Department (OPSD) at <https://www.adb.org/site/private-sector-financing/contacts>

For JF-JCM, general inquiries can be directed to the JF-JCM Fund Manager or Japanese Representative Office (JRO). The JRO can also attend to inquiries about specific projects.

JF-JCM Fund Manager jfjcm@adb.org	Japanese Representative Office (JRO) <a href="https://www.adb.org/offices/japan/contacts">https://www.adb.org/offices/japan/contacts</a> (Email Contact Forms)
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### Asian Development Bank

<https://www.adb.org/site/funds/funds>

<https://www.adb.org/site/funds/funds/climate-change-fund>

<https://www.adb.org/site/funds/funds/japan-fund-for-joint-crediting-mechanism>

<https://www.adb.org/site/funds/funds/clean-energy-financing-partnership-facility>

<https://www.adb.org/site/funds/funds/canadian-climate-fund-for-the-private-sector-in-asia>

OCR-ADF merger

<https://www.adb.org/site/funds/overview>

<https://www.adb.org/news/adf-ocr-merger-boost-support-region-s-poor>

## **ADB Guide**

<https://www.adb.org/projects/cycle>

*List of required information for Non-sovereign project concept submission*

<https://www.adb.org/site/private-sector-financing/applying-assistance>

<https://www.adb.org/site/private-sector-financing/project-approval-process>

<https://www.adb.org/sites/default/files/institutional-document/31482/procurement-guidelines-april-2015.pdf>

## **ADB Documents**

*Country Partnership and Regional Cooperation Strategies*

<https://www.adb.org/countries/documents/country-strategies-programs-under-preparation>

*Operations Manual - Bank Policies and Procedures: Nonsovereign Operations*

<https://www.adb.org/sites/default/files/institutional-document/31483/omd10-20160524.pdf>

*Operations Manual - Bank Policies: Lending Policies for Sovereign And Sovereign-Guaranteed Borrowers (Ordinary Capital Resources)*

<https://www.adb.org/sites/default/files/institutional-document/31483/omd1.pdf>

*Summary of ADB Financial Instruments and Approval Procedures*

<https://think-asia.org/bitstream/handle/11540/3233/financial-instruments-procedures.pdf>

## **Japan Fund for the Joint Crediting Mechanism**

*Countries currently eligible for JF-JCM*

<http://www.mmechanisms.org/e/initiatives/country.html>

*Establishment of the Japan Fund for the Joint Crediting Mechanism*

<https://www.adb.org/sites/default/files/institutional-document/174311/r52-14.pdf>

[http://www.mmechanisms.org/document/JFJCM\\_Introduction\\_English\\_Upload.pdf](http://www.mmechanisms.org/document/JFJCM_Introduction_English_Upload.pdf)

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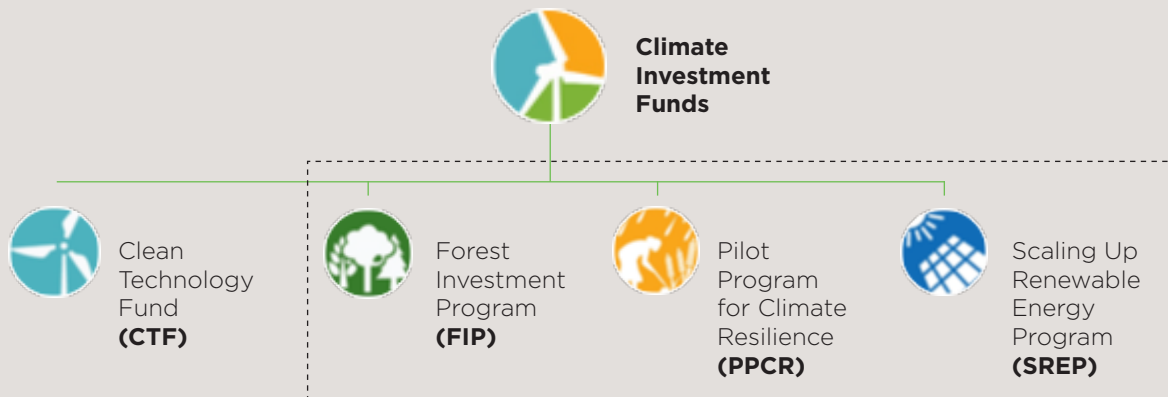
# CLIMATE INVESTMENT FUNDS

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## 2.1. About

The Climate Investment Funds (CIF) was established in 2008 to provide resources to developing and middle-income countries to tackle the challenges posed by climate change to development.

The CIF comprises two trust funds, namely the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). The latter consists of the Forest Investment Program (FIP), Pilot Program for Climate Resilience (PPCR) and Scaling Up Renewable Energy in Low Income Countries Program (SREP).





The CIF offers opportunities to test innovative business models and approaches, explore new markets and mobilize additional finance from other sources, in particular from the private sector. Total CIF pledges of USD 8.3 billion are expected to attract an additional USD 58 billion of co-financing for a portfolio of over 300 projects.

The CTF and the SCF Trust Funds are governed by a Trust Fund Committee. The SCF further designates Sub-Committees to govern each of its three programmes.

The disbursement of the CIF resources is channeled through multilateral development banks (MDBs). The MDBs, which are the implementing agencies for the CIF-funded projects, include the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), and the World Bank Group, including the International Finance Corporation (IFC).

The work of the CIF is supported by the Administrative Unit housed in the World Bank Group’s Washington, D.C. offices.

Implementing Multilateral Development Banks				
				
African Development Bank (AfDB)	Asian Development Bank (ADB)	European Bank for Reconstruction and Development (EBRD)	Inter-American Development Bank (IDB)	World Bank Group

## 2.2. Target Areas

The CTF provides funding to cover the additional costs and the risks of a scaled-up deployment of low-emission technologies. The CTF focuses on projects in the areas of renewable energy, energy efficiency and sustainable transport that demonstrate a real potential for long-term greenhouse gas emission reductions.

The SREP under the SCF provides developing countries with financial resources to pilot and deploy renewable energy technologies and demonstrate their economic, social, and environmental viability.

Given that a dedicated guide to forest related funding is being planned, and that the PPCR is focused on adaptation to climate change, the FIP and the PPCR are not described here.

Clean Technology Fund (CTF)		Scaling-up Renewable Energy Program (SREP)	
✓	Renewable Energy	✓	Pilot and Deploy Renewable Energy Technologies
✓	Energy Efficiency		
✓	Sustainable Transport	✓	Demonstrate Economic, Social, and Environmental Viability
✓	Potential for long-term greenhouse gas emission reduction		

## 2.3. Financial Instruments

The reason why the CIF attracts high levels of co-financing is because it provides long-term loans at much lower interest rates than the commercially available loans. In addition, projects that are deemed financially not viable due to gaps in investments are aided by the CIF grant funding so that these projects become viable.

The CTF and the SREP offer the following financial products in both public and private sector operations through the implementing MDBs. However, the SREP financing is not uniformly offered to all private sector players in a recipient country, but rather to activities that overcome the barriers of private sector engagement. The various instruments offered through the CTF and the SREP are presented below.

Public sector	Private sector
<ol style="list-style-type: none"><li>1. Grant</li><li>2. Loans – concessional; convertible grants</li><li>3. Guarantee</li><li>4. Other forms of risk mitigation instruments</li></ol>	<ol style="list-style-type: none"><li>1. Grant</li><li>2. Loans – Senior loan; convertible grants</li><li>3. Equity – subordinated debt</li><li>4. Guarantee</li><li>5. Other forms of risk mitigation instruments</li></ol>

Under concessional loans in the public sector window, MDBs may provide the CTF funding as follows:

- Lending to national governments;
- Lending to national governments for on-lending to sub-national entities;
- Lending to sub-national entities.

In the case of lending to sub-national entities, a proposed programme or project can access funding either through the public or the private sector modalities. This is determined by identifying the source – public or private - of the majority of funds to be used for the proposed project. In some cases, a company or a group of companies, including state-owned ones, may form a company for the sole purpose of implementing the proposed project. This specially formed company is also eligible to receive the CTF funding.

## 2.4. Eligibility Criteria

All countries that are eligible for the Official Development Assistance (ODA) according to the Organization for Economic Co-operation and Development/ Development Assistance Committee and currently have an active MDB country programme are eligible to apply for the CTF funding.

In the case of the ADB, a country is deemed eligible if it has a Country Partnership Strategy under implementation.

	Eligibility criteria for the CTF support
✓	Country is eligible for Official Development Assistance (ODA)
✓	Active MDB Country Programme

Only those countries included in the list of the International Development Association (IDA) can receive funding from the SREP. A link to the list of IDA countries is available in the links section of this chapter.

	<b>Eligibility criteria for the SREP support</b>
✓	Included in the list of International Development Association (IDA)
✓	A low income country eligible for MDB concessional financing (or Regional Development Bank equivalent)
✓	Engaged in an active MDB country programme. “Engaged” in this context may include an on-going policy dialogue between a MDB and a country
✓	Not a recipient of the CTF resources

## **2.5. Modalities of Access**

The resources coming from the CIF are channelled to the countries through the implementing MDBs. In addition to meeting the eligibility requirements, an interested country must develop a CTF Country Investment Plan (CIP) to begin accessing the CTF resources. To do this, a country must express its interest to the CTF Trust Fund Committee and the respective implementing MDB. A grant funding of up to USD 1 million is available for the development of the CIP.

Requirements for accessing CTF funding	
✓	Active MDB Country Programme
✓	CTF - Country Investment Plan (CIP)

### 2.5.1. Dedicated Private Sector Program

The Dedicated Private Sector Program enables the financing of private sector operations that are aligned with country priorities and CTF programme objectives while delivering developmental results and impacts at scale with a faster deployment of the CTF resources through streamlined processing procedures.

Programme or project proposals coming from the private sector that are in line with a CIP or a sub-regional investment plan may be submitted to the CTF Trust Fund Committee for consideration at any time.

### 2.6. How to access funding

According to the CTF Governance Framework as well as the SREP operational guidelines, the appraisal process for a particular programme or project is governed by the project cycle of a respective MDB. The procedures specific to the CTF or the SREP are simply added to the respective project cycle.

A proposed programme or project seeking to access the CTF funding must be consistent with the Country Investment Plan (CIP). The submission of funding proposals can be done at any time.

### **2.6.1. Private sector access**

Besides meeting the requirements of an implementing MDB, private sector project proposals seeking the CTF resources must be prepared using the template available in the CTF Private Sector Operational Guidelines.

For the SREP private sector access, the MDB has to submit a full proposal, investment criteria, and the status of the market to the SREP Sub-Committee for approval. After this, the project cycle of the MDB is followed.

### **2.6.2. Public sector access**

#### **Step 1: Proposal Preparation**

Project proponents may choose to secure a grant to prepare a proposal.

The CTF provides grants for project preparation of up to USD 1 million on a case-by-case basis. The purpose of the preparation grant is to fund feasibility, analytical and project design studies for the project concept being proposed. Proposals that seek to secure the preparation grant must adhere to the guidelines for the CTF preparation grant described in the CTF financing products for the public sector.

## Step 2: Proposal Submission to the CTF or the SREP Fund Committee

Once a detailed proposal has been prepared, the MDB will first submit it to the CTF Trust Fund Committee for approval of allocation from the CTF resources. Only after this approval will the MDB conduct its assessment of the proposed project according to its own appraisal guidelines.

For the SREP resources, the MDB will submit a full proposal and indicate the needed financial instruments to the SREP Sub-Committee for approval at any point of the MDB project cycle before the final MDB Board approval.

## Step 3: MDB Project Cycle

Given that each MDB has its own version of a project cycle, project proponents should first identify an MDB to cooperate with and then familiarise themselves with its procedures.

A general appraisal process involves the following key steps:

**Project identification:** Involving close consultation between the country and the MDB, project identification involves an assessment of the appropriateness or adherence of the project to the country priorities. The MDB also conducts a technical assessment of environmental and social safeguards.

**Due diligence:** The MDB examines technical, economic, environmental and management aspects to assess the feasibility of the project. The project design and results monitoring framework are also examined.



**MDB approval:** After the above assessments have been carried out, the proposal is forwarded to a Board of Directors of the respective MDB for approval. The approval phase includes the signing of legal agreements between the project proponents and the MDB.

Project implementation Starts once the legal agreements are signed

## 2.7. Portfolio

The figures below (in million USD) are as of 25 September 2016.

	CTF		SCF		
	Total	ADB only	Total	ADB only	SREP only
Pledged	5,407.12		2,806.24		780
Committed	4,403.51	926.62	1,819.54	395.11	194
Cash Transfers	2,563.72	325.31	880.58	142.45	
Available	1,967.68		39.10		586

Source:  
<http://fiftrustee.worldbank.org/Pages/ctf.aspx>  
<http://fiftrustee.worldbank.org/Pages/scf.aspx>

## 2.8. Contact details and Links

A complete directory of all Implementing MDBs is accessible at <https://www-cif.climateinvestmentfunds.org/about/directory>.

### **About CIF**

<http://www-cif.climateinvestmentfunds.org/about>  
<https://www-cif.climateinvestmentfunds.org/knowledge-documents/overview-cif-governance-and-programming-information>

#### *CTF Governance Framework*

[https://www-cif.climateinvestmentfunds.org/sites/default/files/CTF Governance Framework-FINAL.pdf](https://www-cif.climateinvestmentfunds.org/sites/default/files/CTF%20Governance%20Framework-FINAL.pdf)

#### *SREP Operational Guidelines*

[https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep\\_programming\\_modalities\\_and\\_operational\\_guidelines\\_final\\_0.pdf](https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep_programming_modalities_and_operational_guidelines_final_0.pdf)

#### *SREP selection criteria, containing list of IDA countries*

[https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep\\_criteria\\_for\\_selecting\\_country\\_and\\_regional\\_pilots\\_under\\_srep\\_final\\_0.pdf](https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep_criteria_for_selecting_country_and_regional_pilots_under_srep_final_0.pdf)

#### *Dedicated Private Sector Program*

<http://www-cif.climateinvestmentfunds.org/dedicated-private-sector-programs>

#### *CIF Private Sector Operations, Proposal Template*

[https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/private\\_sector\\_operational\\_guidelines\\_revised\\_oct2012\\_0.pdf](https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/private_sector_operational_guidelines_revised_oct2012_0.pdf)

## **CIF Documents**

*CTF Financing Products for the Public Sector*

[https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/ctf\\_financing\\_products\\_terms\\_public\\_sector\\_sept\\_30\\_2015\\_0.pdf](https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/ctf_financing_products_terms_public_sector_sept_30_2015_0.pdf)

*CTF Financing Products for the Private Sector*

[https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/ctf\\_financing\\_products\\_terms\\_private\\_sector\\_sept\\_30\\_2015\\_.pdf](https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/ctf_financing_products_terms_private_sector_sept_30_2015_.pdf)

*SREP Financing Products*

[https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep\\_financing\\_modalities\\_final\\_0.pdf](https://www-cif.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep_financing_modalities_final_0.pdf)

## **List of Country Partnership Strategies with the Asian Development Bank**

*Country Partnership and Regional Cooperation Strategies*

<https://www.adb.org/countries/documents/country-strategies-programs-under-preparation>

3.

**GREEN CLIMATE FUND**

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### **3.1. About**

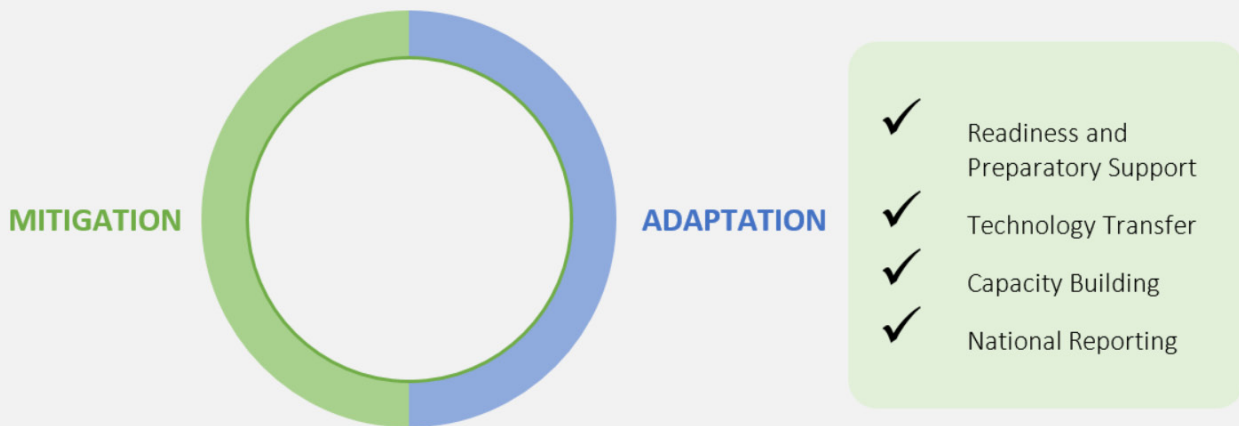
The Green Climate Fund (GCF) is an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It was established at the 16th session of the Conference of the Parties to the UNFCCC (COP16) in Cancun, Mexico, in 2011, and became fully operational in 2015. The purpose of the GCF is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change. In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.

The GCF is governed by its Board and supported by a secretariat hosted by South Korea. It receives guidance from the Conference of Parties to the UNFCCC.

### **3.2. Target Areas**

The GCF will strive to allocate equal amount of funding for projects on mitigation of climate change effects, and on adaptation to its adverse effects. It will also

support actions that enable technology transfer, capacity building, preparation of national reports, and more importantly the readiness and preparatory support programme which is discussed in a later section in this chapter.



The GCF will support developing countries through both project-based and programmatic approaches that are in line with national strategies and plans, including low-emission development strategies and Nationally Appropriate Mitigation Actions.

In providing support to developing countries, the board of the GCF has defined four results areas for mitigation: to have reduced emissions from (1) increased low-emission energy access and generation, (2) increased access to low-emission transport, (3) buildings, cities, industries, and appliances, and (4) land use, deforestation, sustainable forest management and enhancement of forest carbon stocks.

The Board also defined four results areas for adaption: to have increased resilience of (1) the livelihoods of the most vulnerable people, (2) health and well-being, food and water security, (3) infrastructure and built environment against climate change threats, and (4) ecosystems and their services.

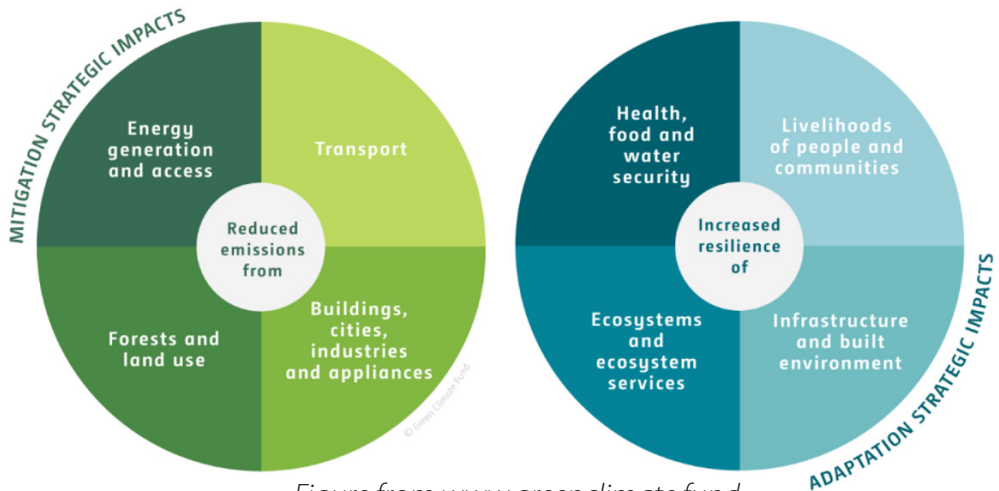


Figure from [www.greenclimate.fund](http://www.greenclimate.fund)

Mitigation focused projects approved by the GCF Board so far include energy efficiency in buildings and small and medium-size enterprises, wastewater management and solar energy development.

### 3.3. Financial Instruments

The GCF offers grants, concessional loans, guarantees and equity. The Board may further approve other modalities, instruments, or financing facilities to disburse GCF funds as it deems appropriate.

According to the governing instrument of the GCF approved at the COP17, the GCF may use results-based financing to encourage mitigation actions.

#### GCF Financial Instruments (Public and Private)

1. Grants
2. Concessional Loans
3. Guarantees
4. Equity
5. Results-based financing

### 3.4. Eligibility Criteria

All developing countries that are parties to the UNFCCC are eligible to receive funding from the GCF.



## 3.5. Modalities of Access

The GCF offers developing countries two avenues for access to funding.

✓	Direct Access	✓	Accredited International Entities
<p>Government agencies, non-governmental organizations, national development banks and other relevant national institutions, public or private, may directly receive funding from the GCF and carry out projects, provided that they become accredited national, sub-national or regional entities. Organizations seeking accreditation have to submit an application to the GCF Secretariat along with a nomination letter from an NDA/Focal Point. During the accreditation process, an applicant entity will be rigorously assessed for its fiduciary standards, environmental and social safeguards and gender policy.</p>		<p>Funding proposals can also be submitted through accredited international entities, such as United Nations agencies, multilateral development banks, international financial institutions and regional organizations.</p>	

Information on the accreditation process, application forms and nomination letter templates can be found at the links section.

### 3.5.1. NDAs and Focal Points

To be able to access funding from the GCF, a developing country has to nominate a National Designated Authority (NDA) or a Focal Point and inform the GCF

Secretariat accordingly. The NDA/Focal Point will serve as an interface between its country and the GCF, and oversee all GCF activities in the country. Every funding proposal submitted to the GCF has to be endorsed by the NDA/Focal Point of a respective country, or countries in case of a regional project, to ensure country-driven approaches, national ownership of funding received, and alignment of GCF investments with national needs and development planning.

### **3.5.2. Readiness and Preparatory Support Programme**

The GCF Board has allocated dedicated resources, capped at US \$1 million per developing country per year, to assist developing countries in preparing to effectively access and deploy the GCF funding. Priority for readiness support is given to most vulnerable developing countries, including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African States, with a minimum of 50 percent of the readiness funding being earmarked for these countries.

The participation in the Readiness and Preparatory Support Programme is coordinated by a NDA or Focal Point of a respective country. Depending on a country's needs, specific readiness support activities may include institutional strengthening of the NDA/Focal Point, development of strategic frameworks and country programmes for engagement with the GCF, assistance in accreditation and capacity building of accredited direct access entities, and support for the formulation of national adaptation plans and/or other adaptation planning processes.

Activity Areas for Readiness and Preparatory Support Programme	
1	Strengthening of NDA or Focal Point
2	Development of strategic frameworks and country programmes
3	Assistance in accreditation and capacity building of accredited direct access entities
4	Support for the formulation of NAPs and its processes

A template for submission of a Readiness and Preparatory Support Proposal can be found at the links section.

### 3.5.3. Private Sector Facility

The Private Sector Facility (PSF) has been set up to catalyse the engagement of private sector investors, developers, entrepreneurs, corporations, and small and medium-sized enterprises in mitigation and adaptation projects in developing countries. An innovative feature of the PSF is that private sector intermediaries can be accredited to deploy the GCF resources.

The PSF can support mitigation action by finding innovative ways to scale up the supply of clean energy by, for example, increasing access to affordable finance for micro-enterprises, using funds to “de-risk” investment, mobilising private sector activity on the demand side, and by rallying long-term institutional investors.

GCF Project Sizes	
<b>Large (L)</b>	more than USD 250 million
<b>Medium (M)</b>	USD 50 million – USD 250 million
<b>Small (S)</b>	USD 10 million – USD 50 million
<b>Micro (XS)</b>	Up to USD 10 million

### 3.6. How to access funding

The GCF periodically issues calls for funding proposals. The NDAs/Focal Points and accredited entities may either respond to these calls or submit spontaneous funding proposals at any time.

#### Step 1: Project Concept

Accredited entities, in consultation with respective NDAs/Focal Points, may choose to submit to the GCF Secretariat a concept note to present the proposed project or programme idea in order to receive an early feedback and recommendations. This step in the submission process is voluntary.

Proposal preparation: Accredited entities may also choose to benefit from support provided by the Project Preparation Facility (PPF). In consultation with the NDAs/Focal Points, they may submit an application providing due justification of their

need for project preparation funding with information about the underlying project. Requests for the PPF funding are reviewed and approved by the GCF Executive Director. Proposals developed with the PPF resources should be submitted to the GCF Board within two years after approval of the PPF request.

Accredited entities are expected to prepare their funding proposals in close collaboration with NDAs/Focal Points.

### **Step 2: Proposal Submission**

An accredited entity submits a funding proposal to the GCF Secretariat along with a non-objection letter signed by the respective NDA/Focal Point.

### **Step 3: Due Diligence and Approval**

Assessment and recommendations: The GCF Secretariat and the Independent Technical Advisory Panel will assess submitted funding proposals for their compliance with environmental and social safeguards, gender, financial and other relevant policies. They will also assess the proposals on the criteria set out in the GCF Investment Framework. Based on these assessments, the GCF Secretariat will prepare recommendations for the GCF Board.

Decision and legal arrangements: The GCF will take a decision on approval, conditional approval or rejection of a funding proposal. The GCF Secretariat will inform the respective accredited entity and the NDA/Focal Point on the decision taken. In case the funding proposal is approved, the GCF Executive Director and the accredited entity will sign the necessary legal agreements.

## Step 4: Implementation

The project or programme implementation phase will start with the transfer of funds from the GCF to the accredited entity. The accredited entity will launch and oversee the implementation of activities included in the approved project as well as the monitoring and evaluation process that will continue until the completion of the project.

### 3.7. Portfolio

The financial status reflects the information accessed on 25 October 2016 at <http://www.greenclimate.fund/projects/portfolio>. The figures below are in million US Dollar.

	Pledged	Signed Contributions	Committed
<b>Initial Resource Mobilization (IRM)</b>	10,300	9,900	
<b>Project Portfolio</b>			1,200

## 3.8. Contact details and Links

Songdo Business District  
175 Art center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea  
+8232-458-6059  
info@gcfund.org

### **About the GCF**

#### *Accreditation Process*

<http://www.greenclimate.fund/partners/accredited-entities/accreditation>

#### *Private Sector Facility*

<http://www.greenclimate.fund/partners/private-sector>

#### *GCF Governing Instrument*

[http://www.greenclimate.fund/documents/20182/56440/Governing\\_Instrument.pdf](http://www.greenclimate.fund/documents/20182/56440/Governing_Instrument.pdf)  
Governing instrument for the Green Climate Fund. Annex to decision 3/CP.17 <http://unfccc.int/resource/docs/2011/cop17/eng/O9a01.pdf#page=55>

#### *List of accredited international entities*

<http://www.greenclimate.fund/partners/accredited-entities>

### **GCF Templates**

#### *Concept note template*

[http://www.greenclimate.fund/documents/20182/300732/GCF\\_Concept\\_Note\\_Template.docx](http://www.greenclimate.fund/documents/20182/300732/GCF_Concept_Note_Template.docx)

*Project Preparation Fund request template*

[http://www.greenclimate.fund/documents/20182/104167/Project\\_Preparation\\_Funding\\_Application\\_Template.docx/65e91043-7122-4479-8778-b563b8ee3ee2](http://www.greenclimate.fund/documents/20182/104167/Project_Preparation_Funding_Application_Template.docx/65e91043-7122-4479-8778-b563b8ee3ee2)

*Funding proposal template*

[https://www.greenclimate.fund/documents/20182/239759/4.6.1\\_-\\_Funding\\_Proposal\\_Template\\_ver.1.1\\_\\_clean\\_copy\\_.docx/dbade9ba-0359-4efc-9c86-40e9d245463f](https://www.greenclimate.fund/documents/20182/239759/4.6.1_-_Funding_Proposal_Template_ver.1.1__clean_copy_.docx/dbade9ba-0359-4efc-9c86-40e9d245463f)

*Template for Readiness and Preparatory Support proposal*

[http://www.greenclimate.fund/documents/20182/104167/Readiness\\_Proposal\\_Template.docx/887fea5e-283a-468e-a624-edb15bd8f8f0](http://www.greenclimate.fund/documents/20182/104167/Readiness_Proposal_Template.docx/887fea5e-283a-468e-a624-edb15bd8f8f0)



4.

**GLOBAL ENVIRONMENT  
FACILITY**

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## 4.1. About

The Global Environment Facility (GEF) was formally launched in 1994, after three years of pilot operation from 1991 pursuant to the Resolution of the Executive Directors of the World Bank and related interagency arrangements between the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank, to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development. It was the only new funding source to emerge from the 1992 UN Conference on Environment and Development, the Rio Earth Summit.

The GEF serves as a Financial Mechanism for 5 major international environmental conventions: the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Convention to Combat Desertification (UNCCD), the United Nations Convention on Biological Diversity (UNCBD), the Stockholm Convention on Persistent Organic Pollutants (POPs), and the Minamata Convention on Mercury.

According to the Instrument for the Establishment of the Restructured GEF, the GEF shall operate as a mechanism for international cooperation for the purpose of providing new and additional grants and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the focal areas presented in the figure below.



The GEF administers the GEF Trust Fund established by the Instrument, the Capacity Building Initiative for Transparency Trust Fund (CBIT) established by the GEF Council, and the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) established by the Conference of the Parties (COP) to the UNFCCC. It also provides secretariat services, on an interim basis, for the Adaptation Fund, which was established under the Kyoto Protocol to the UNFCCC. The GEF is governed by its Assembly and its Council, and supported by a secretariat. It is assisted by the Scientific and Technical Advisory Panel (STAP) and the Independent Evaluation Office (IEO).

The UNFCCC COP provides guidance to the GEF on policies, programme priorities and eligibility criteria related to the Convention and receives annual reports of the GEF for review.

## 4.2. Target Areas

The GEF programming is done through four-year replenishment periods, which defines the GEF strategic positioning, priorities, and overall direction.

Under the current sixth replenishment (GEF-6) period, the GEF’s Climate Change Mitigation Strategy focuses on supporting integrated approaches that combine policies, technologies and management practices with significant climate change mitigation potential. The three objectives are supported by five key Programs of GEF-6 interventions. They represent a suite of measures to assess and address risks and barriers that remain in the transformation toward low-emission development.

	<b>Eligibility criteria for the SREP support</b>	<b>Focal Area Programs</b>
x	Promote innovation, technology transfer, and supportive policies and strategies	<p>Promote timely development, demonstration and financing of low-carbon technologies and mitigation options</p> <p>Develop and demonstrate innovative policy packages and market initiatives to foster new range of mitigation actions</p>

x	Demonstrate mitigation options with systemic impacts	Promote integrated low-emission urban systems
		Promote conservation and enhancement of carbon stocks in forest, and other land-use, and support climate smart agriculture
x	Foster enabling conditions to mainstream mitigation concerns into sustainable development strategies	Foster enabling conditions to mainstream mitigation concerns into sustainable development strategies Integrate findings of convention obligations and enabling activities into national planning processes and mitigation contributions

### 4.3. Financial Instruments

The GEF provides grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits. The grant resources available to potential project proponents of developing countries will be subject to the allocations under the System for Transparent Allocation of Resources (STAR) and set-aside of the Climate Change Strategy.

The GEF-6 replenishment period has implemented a Non-grant Instruments Pilot to demonstrate and validate the application of non-grant instruments to combat global environment degradation. This pilot expects to generate a rate of return on the investment, also known as “reflows”.

An advantage of the GEF compared with other institutions lies in its ability to provide grant funding that can be targeted to provide much-needed enabling-policy support and that can reduce the risk of investments, thereby helping to alleviate systemic barriers to private investment. The GEF can also provide non-grant investments to reduce the risks of private sector engagement. An overview of the various risk-mitigation approaches eligible for GEF non-grant instruments is provided in the table below.

Risk-mitigation instruments		Description
Risk Mitigation Products	Guarantee	Resources allotted to pay the lender if a borrower fails to repay.
	Structured Financing	A mechanism that layers GEF resources as 'junior' with other investors' resources as 'senior'. Senior investors are prioritised in repayment.
Equity	Investment	Primarily for the private sector, aimed at commercial and for-profit financing.
	Revolving	A mechanism where profit from equity investment is further invested into the project.

Debt Instruments	Contingent Loan	A loan similar to commercially available ones with a possibility that borrowers are not asked to repay if the project fails.
	Concessional Loan	A loan offered at lower rates and longer payment schedules than commercially available loans.
	Revolving Loan	Similar to revolving equity, a mechanism where profit from contingent loans is invested back into the project with a possibility that borrowers are not asked to repay if the project fails.

#### 4.4. Eligibility Criteria

Countries may be eligible for GEF funding in one of two ways: a) if the country has ratified the conventions the GEF serves and conforms with the eligibility criteria decided by the Conference of the Parties of each convention; or b) if the country is eligible to receive World Bank (IBRD and/or IDA) financing or if it is an eligible recipient of UNDP technical assistance through its target for resource assignments from the core (specifically TRAC-1 and/or TRAC-2).

For a project or a programme to be eligible for the GEF funding, the following criteria have to be met:

x	The project/programme must be country-driven and consistent with national priorities that support sustainable development
x	It has to address one or more of the GEF focal area strategies, for example, the GEF Climate Mitigation Strategy
x	It has to seek GEF financing only for the agreed incremental costs of measures to achieve global environmental benefits
x	The public has to be involved in project/programme design and implementation

#### 4.4.1. Focal Points

Each country eligible for the GEF funding nominates two GEF Focal Points: political and operational.

GEF Political Focal Points follow the discussion in the GEF Council on governance and policy issues and represent their countries at the GEF Assembly.

GEF Operational Focal Points serve as a channel of communication between their country and the GEF Secretariat and the GEF Agencies. They review and endorse project proposals and oversee all GEF related activities in the country.

#### 4.4.2. Types of Projects

There are four types of GEF projects:



<b>GEF Project Types</b>	<b>Size of GEF financing</b>
<b>Full-sized Project (FSP)</b>	More than US \$2 Million
<b>Medium-sized Project (MSP)</b>	Up to US \$2 Million
<b>Enabling Activities (EA)</b>	Up to US \$1 Million
<b>Programs (PA)</b>	NA

The GEF project cycle varies depending on the project type as follows:

<b>GEF Project Cycles</b>	
<b>FSP and PA</b>	Regular Project Cycle (non-expedited procedure)
<b>Programs (PA)</b>	Expedited Project Cycle (expedited procedure)

### 4.4.3 Private Sector Engagement

The GEF-6 Climate Change Mitigation focal area actively pursues projects with private sector engagements to help catalyse investments and leverage opportunities. Countries and Agencies are encouraged to submit projects which involve the private sector. Some examples of how the GEF engages the private

sector include Public Private Partnerships Program (PPP), Non-grant Instruments Pilot, risk-mitigation and structured financing tools, global certification and standards program and Small and Medium sized Enterprise (SME) grant/loan program. GEF Regional Coordinators and Focal Area Coordinators encourage and coordinate with appropriate GEF Agencies to help design potential projects which can accommodate private sector engagement.

## **4.5. How to access funding**

The following steps explain the regular non-expedited procedure of project development, endorsement and implementation. For the expedited procedure, please visit the GEF Policies on the GEF website.

### **Step 1: Project Identification**

The GEF Agency prepares a project concept at the request of and in consultation with relevant country institutions and other relevant partners and submits it to the Secretariat through the Project Identification Form (PIF). The respective GEF Operational Focal Point endorses the PIF. The Agency submits PIFs to the Secretariat on a rolling basis, copying other Agencies, STAP, and the relevant Convention Secretariats.

The GEF Agency may request a Project Preparation Grant (PPG) at the time of PIF submission or at any time before CEO Endorsement submission.

## **PIF review:**

The Secretariat reviews each eligible PIF taking into consideration relevant GEF strategies, policies and guidelines, including provisions set forth in a review sheet, and provides comments to the Agency. Other Agencies and Convention Secretariats submit any comments to the Secretariat and the Agency. If a PIF does not meet the conditions for approval, the Secretariat either rejects it or requests additional information.

Following receipt of the Secretariat's comments, the Agency responds to any comments and submits a revised PIF, if necessary. The Secretariat provides further comments if in its view the Agency's response to the set of issues is not adequate, or if the revised PIF introduces new design elements that require clarification or further improvement.

Once the Secretariat determines that the project proposal meets the conditions for approval, the CEO decides whether to include it in a Work Program. The CEO constitutes a Work Program subject to, among other things, resource availability. STAP screens PIFs prior to the posting of the Work Program on the GEF website for Council review.

## **Work programme approval:**

The work program is comprising of PIFs for full-sized projects and non-expedited enabling activities, and Program Framework Documents (PFDs) for programs.

A cover note is issued for every Work Program. The individual PIFs and PFDs, with the requested

Project Financing amounts, any PPG amounts and Agency Fees, are annexed to the Work Program Cover Note. The individual PIFs and the Cover Note are posted on the GEF website and circulated to Council members four weeks in advance of a Council meeting for a Work Program to be discussed at a Council meeting, or four weeks in advance prior to a decision date for an Intersessional Work Program.

The GEF Council reviews two work programs at two Council meetings each year, and two intersessional work programs if necessary with decision by mail on a no-objection basis, between Council meetings. The work program document for Council meetings will focus on policy and strategic issues for Council consideration and describe the overall programmatic coherence of the concepts. In approving the work program, the Council will provide guidance to the Secretariat and the Agencies on the strategic directions and programming framework for the GEF. In addition, Council may agree to remove specific concepts from the work program reviewed at a Council meeting. Once the work programme is approved by the GEF Council, the Trustee sets aside the funding corresponding to the grants requested and approved.

## **Step 2: Project Development**

The project proponent and the GEF Agency collaborate on the preparation of the necessary project documentation, which meets the GEF requirements and potential internal requirements of the GEF Agency.

Project proposal endorsement: the GEF Agency submits to the Secretariat a CEO Endorsement Request and associated Project Document that is in a form as submitted to the Agency's internal approving authorities. The Agency includes

in its endorsement request a description of how Council Members' comments have been taken into account in the further development of the project. The Secretariat reviews the CEO Endorsement Request and the Project Document for consistency with the approved PIF, taking into consideration the relevant GEF strategies, policies, and guidelines, including provisions set forth in a review sheet; and to ensure that any comments provided by the Council, STAP, Convention secretariats and other Agencies have been adequately addressed.

Once the Secretariat determines that a project proposal meets the conditions for endorsement, the CEO endorses the project, except under the circumstances where (i) a Council Member requested, at the time of PIF approval, that the Secretariat circulates the CEO Endorsement Request and the Final Project Document to the Council for review; or (ii) the CEO, upon review, decides that there have been major changes to the project's scope and/or objectives since PIF approval. In these two instances, the Secretariat circulates the CEO Endorsement Request and the Project Document to the Council for a four-week review period prior to CEO endorsement in a manner that protects information received in confidence. In these two instances:

- (a) Council Members transmit any comments or concerns to the CEO within four weeks. If at least four Council Members request that a project be reviewed at a Council meeting because in their view the project is not consistent with the GEF Instrument or GEF policies and procedures, the CEO submits the project document to the next Council meeting and only endorses the project for final approval by the Agency if the Council finds that the project is consistent with the Instrument and GEF policies and procedures.

- (b) The Agency responds to any comments received from Council Members and revises the documents. The CEO endorses the project once comments have been adequately addressed and informs Council accordingly.

### **Step 3: Project Approval**

Upon the GEF CEO endorsement, the GEF agency seeks approval of the project by its governing body to start implementation. The Trustee commits funds to the GEF Agency, including the agency fees.

### **Step 4: Project Implementation, Monitoring, and Evaluation**

Implementation begins following CEO endorsement and Agency approval. Each Agency is responsible for the project's implementation and is directly accountable to the Council. Agencies conduct project-level monitoring and evaluation activities in accordance with the Agency systems and consistent with the GEF Monitoring and Evaluation Policy. Agencies undertake mid-term reviews for FSPs under implementation and submit them to the Secretariat. Agencies submit FSPs and MSPs terminal evaluation reports to the GEF Independent Evaluation Office.

GEF corporate and focal area results frameworks guide the Secretariat monitoring and learning activities at the portfolio level. The Secretariat monitors and reports to Council on overall GEF project cycle efficiency and other relevant elements. The Secretariat, in consultation with the Agencies, and STAP as needed, develops Guidelines on GEF Results-Based Management.

## 4.6. Portfolio

Figures below are as of 25 October 2016, reflected in million US dollar.

		Resources	Approved
<b>GEF-6</b>	Total Projected Resources:	4,434	2,338
<b>SCCF</b>	Pledged:	351.28	347.50
<b>LDCF</b>	Pledged:	1,187.14	1,023.15

## 4.7. Contact details and Links

Global Environment Facility  
1818 H Street, NW  
Washington, D.C. 20433, USA  
Mail stop N8-800

Tel: +1-202-473-0508  
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Email: [secretariat@thegef.org](mailto:secretariat@thegef.org)

## **About GEF**

<https://www.thegef.org/about-us>

<https://www.thegef.org/topics/climate-change>

### *GEF Partners*

<https://www.thegef.org/partners>

Instrument for the establishment of the restructured Global Environment Facility

[http://www.thegef.org/sites/default/files/documents/GEF\\_Instrument-Interior-March23.2015.pdf](http://www.thegef.org/sites/default/files/documents/GEF_Instrument-Interior-March23.2015.pdf)

### *GEF-6 Programming Direction*

<https://www.thegef.org/sites/default/files/documents/GEF-6%20Programming%20Directions.pdf>

### *GEF Policies*

<https://www.thegef.org/documents/policies>

Private Sector Engagement Focal areas

<http://www.thegef.org/content/private-sector-engagement-focal-areas>

### *Portfolio*

[https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF%20C%2051%2004\\_Update\\_on\\_GEF-6\\_Resource\\_Availability.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF%20C%2051%2004_Update_on_GEF-6_Resource_Availability.pdf)

<http://fiftrustee.worldbank.org/Pages/sccf.aspx>

<http://fiftrustee.worldbank.org/Pages/ldcf.aspx>

### *Template*

<http://www.thegef.org/documents/templates>





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