Tools to Prioritize Adaptation Options

National implementing entities (NIEs) are looking for ways to prioritize projects to submit to the Green Climate Fund (GCF) for funding. As a way to help NIEs become "ready" to access funds from the GCF, the World Resources Institute, under the GCF Readiness Program[1], developed and introduced tools to partners in Fiji and Kenya so that they able to prioritize options to include in funding proposals. The tools help address adaptation issues that NIEs face, require use of scientific information, and use a multi-stakeholder approach. NIEs should be aware that the tools yield different results each time new stakeholders apply the tool. The tools can be used independently but they could potentially be used in combination to rank or compare adaptation options. The tools are applicable in counties such as Fiji and Kenya because they help address climate change planning challenges and are broad enough to be used in very different contexts. Guidance on how to use the tools can be found on http://www.gcfreadinessprogramme.org/readiness-tools-and-guidebooks. For more information, please contact Moushumi Chaudhury at mchaudhury@wri.org.

<u>Tools:</u>

- **Assessing Scaling Potential (ASP)**: This tool helps assess scaling potential of a project. The 5 steps help identify the conditions of scaling, whether good adaptation practices are in place, and if monitoring and evaluation systems exist to gather evidence of adaptation benefits. It also involves designing scaling pathways and prioritizing adaptation options based on scaling potential. Prioritization takes place through a scoring and ranking system that involves a wide range of stakeholders. ASP is a new tool based on the WRI publication "Scaling Success: Lessons from Adaptation Pilots in the Rainfed Regions of India".

- **Business Sector Prioritization and Engagement (BSPE):** The tool enables the user to rank the most important, yet climate vulnerable economic sectors where adaptation is necessary. The tool then helps users discuss what drives small and medium enterprises (SMEs) to invest in adaptation in a sector, identify the barriers SMEs face with regard to investing in adaptation, and formulate interventions to help SMEs invest in adaptation in vulnerable economic sectors. BSPE is a new tool based on WRI publication "Adapting from the Ground Up: Enabling Small Businesses to Adapt to Climate Change".

- **Participatory Scenario Development (PSD)**: PSD is a tool that helps users create scenarios or plausible worlds to plan for an uncertain future. In this tool, creating multiple scenarios inherently means that the future is unknown, and thereby, allows users to incorporate uncertainty into adaptation decision making. Users test their adaptation options across multiple scenarios. The option that is implementable in most scenarios is the one that is prioritized because it can withstand future uncertainties. Although PSD is not a new tool, it is relatively new to many adaptation planners and is especially important in the context of climate uncertainty.

- **Cost Benefit Analysis (CBA)**: CBA is important to include as decision makers want to know the economic repercussions of a decision. CBA enables the user to compare monetized costs and benefits of an option and prioritize the option with highest net benefits – i.e. total benefits minus costs. CBA allows the user to address risk and uncertainty through sensitivity analysis and scenario development. CBA has been in use for decades by public and private sector planners, infrastructure analysts, and policy makers but this working paper enables the user to use CBA in the adaptation context.

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GREEN CLIMATE FUND
THE BASICS

IMAGE: FLICKR / THE CLIMATE GROUP REMIXED UNDER CC BY-NC-SA 2.0
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» *WHAT IS THE GREEN CLIMATE FUND?*

The impacts of climate change are already being felt by many millions of people and communities around the world – but the burden weighs most heavily on the poor and marginalised in developing countries.

That's why 195 countries came together to create the Green Climate Fund (GCF) under the United Nations Framework Convention on Climate Change (UNFCCC). The GCF is expected to play a central role in financing efforts to combat climate change (mitigation) and to help developing countries cope with its effects (adaptation).

The GCF agreed on eight initial funding proposals in November 2015, following a five year process to establish the Fund. It has been promised US$10.3 billion over its first four years of operation, mostly from developed countries, but only US$6.7 billion has actually been legally committed to the GCF to date. The USA is the most prominent laggard and has yet to deliver any of its US$3 billion pledge.

Half of the GCF's funding is supposed to go for adaptation, and half of that is to be spent on adaptation in particularly vulnerable countries, including least development countries (LDCs), African states and small island developing states (SIDS). These countries have so far received only a minor share of international public climate funding.

The GCF could be one of the most significant public funders of climate projects and programmes globally, but it represents a tiny proportion of the US$100 billion per year that developed countries are meant to supply to help meet developing countries' climate change needs by 2020.

> **HALF OF THE GCF'S FUNDING IS SUPPOSED TO GO FOR ADAPTATION, AND HALF OF THAT IS TO BE SPENT ON ADAPTATION IN PARTICULARLY VULNERABLE COUNTRIES.**

» *WHY WAS THE GCF SET UP?*

The world is awash with climate funding mechanisms set up by the World Bank and other multilateral development banks (MDBs) and bilateral institutions, but very few of them are accountable to developing countries, let alone to the people who are most vulnerable to the effects of climate change.

The GCF is supposed to be different. It was set up according to the principles of the UNFCCC, with a constitution (called the "Governing Instrument") that promises a "country-driven approach" accountable to the institutions and people in the developing countries in which the Fund operates.

The GCF promotes a gender-sensitive approach to its funding – the first climate fund to do so from the outset of its activities. Decision-making power is evenly split between developed and developing countries. While the UNFCCC has also set up a handful of other funds – notably, the Adaptation Fund – the GCF has promised to deliver billions, not millions, of dollars every year.

The GCF approved its first docket of proposals in November 2015, and early signs are mixed. If the GCF hits its target of allocating half of its financing for adaptation, that would be a successful break from the current norm of mitigation-dominated climate finance.

The GCF also allows direct access, which means funding can flow directly to developing countries rather than passing through the usual multilateral development banks (MDBs). This represents an effort to advance country ownership and do things differently (so far, only the Adaptation Fund has allowed such direct access). A pilot programme of US$200 million created to "enhance direct access" is supposed to carry this innovation even further and give developing countries significantly more control over decisions on how money will be spent.

> **THE GCF COULD BE ONE OF THE MOST SIGNIFICANT PUBLIC FUNDERS OF CLIMATE PROJECTS, BUT AMOUNTS TO A SMALL PROPORTION OF THE US$100 BILLION ANNUALLY PLEDGED BY DEVELOPED TO DEVELOPING COUNTRIES.**

At the same time, there is mounting evidence that the GCF could repeat the mistakes of the MDBs and other climate funds. In fact, most of its funding could end up flowing through MDBs and UN agencies. This is because the GCF has adopted a structure that outsources the running of activities to other partners, with institutions like the World Bank, Asian Development Bank and UN Development Programme likely to play a key role (see "accredited entities", below). There is a risk these multilateral institutions could take precedence and crowd out direct access from organizations based in developing countries.

GCF staff and consultants have repeatedly approached the task of setting up the Fund by asking "what would MDBs do", and what would most appeal to the private sector, rather than seeking more innovative solutions. For example, the Fund adopted on an interim basis the environmental and social safeguards of the International Finance Corporation, the private sector arm of the World Bank, instead of writing its own from the outset.

Concerns have also been raised about the Fund's willingness to turn a new leaf in meaningfully engaging communities in advance of approving funding. For example, the very first GCF project to be approved was criticised for failing to attain the Free, Prior and Informed Consent of affected Indigenous Peoples.

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The GCF will partner with other institutions to run and manage activities, rather than funding projects directly. These partners are known as "accredited entities" because they undergo an accreditation process that is supposed to test their ability to manage funds, implement projects and apply safeguards. The process is meant to ensure that funding is not given to activities that harm people or the environment, and that GCF-funded activities support gender equality in compliance with the Fund's gender policy.

Governments, organizations and companies seeking GCF funding must either apply to become accredited entities, or team up with accredited entities that would channel funds to them - subject to various checks and administration fees.

The GCF can provide funds in the form of grants, concessional loans, equity investments and guarantees. (The first activities are mostly grant funded, although equity, guarantees and loan funding were also approved and allocated.) Some implementing entities serve as financial intermediaries and must meet special financial management criteria. They are then able to package (i.e. "blend") GCF funds with commercial loans, offer guarantees on other loans, take equity stakes in companies and investment funds or just pass GCF funding on in grant form.

This level of flexibility can help overcome barriers to investment – for example, reducing the risk and increasing the likelihood of local banks or international investors supporting off-grid renewable energy. But it can also be used to fuel financial speculation, or simply to subsidise actions that transnational corporations would have undertaken anyway.

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» WHICH ARE THE GCF "ACCREDITED ENTITIES"?

The GCF has so far accredited 20 entities, including several MDBs, UN agencies, developed country bilateral aid agencies, regional and national environment centres, national ministries, a large international commercial bank, a private social impact investment fund and an international non-governmental organization. An additional 71 have applied.

The accreditation of Deutsche Bank caused particular controversy. It is one of the world's largest private financiers of coal, and has a poor record on human rights regulation and market manipulation. Similar concerns have been expressed about the potential accreditation of other international commercial banks, notably HSBC and Crédit Agricole, which are currently under consideration despite civil society protest. If GCF accreditation is focussed on MDBs and developed country bilateral aid agencies, as well as international commercial banks, that could compromise the mission of the GCF to support direct access for local organizations and national bodies.

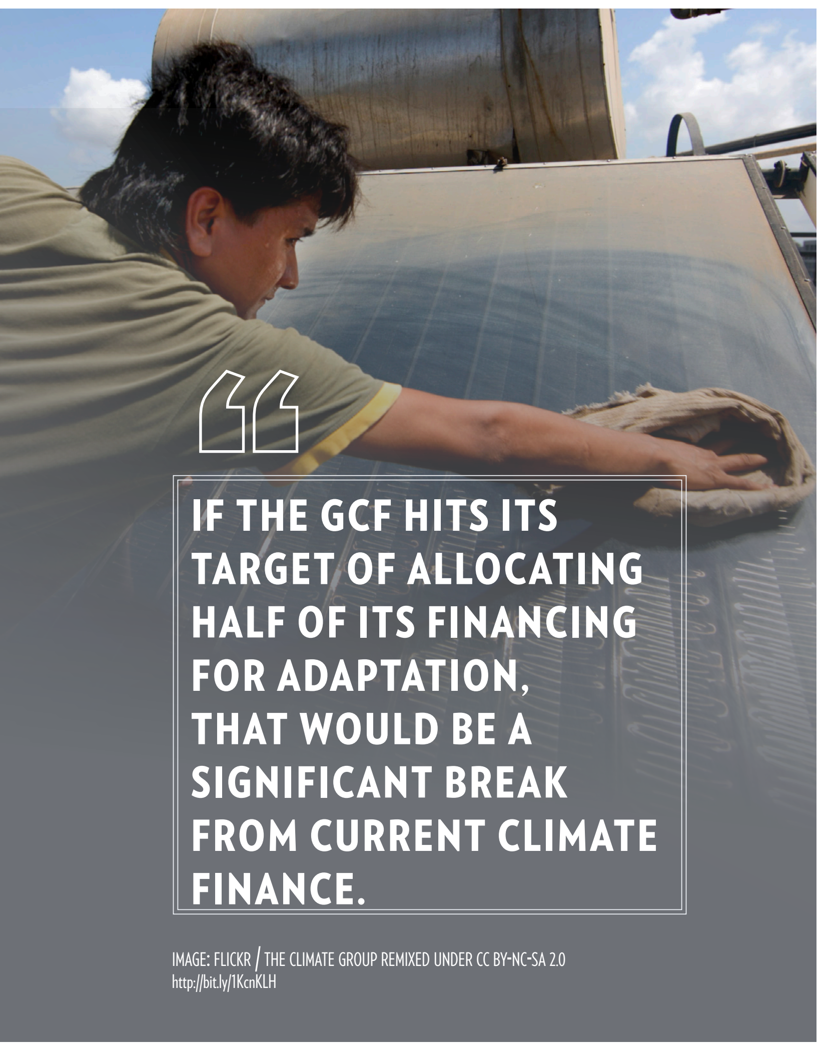

IMAGE: FLICKR / THE CLIMATE GROUP REMIXED UNDER CC BY-NC-SA 2.0
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Projects and programmes can only take place in a country with the approval of the National Designated Authority (NDA) or, alternatively, an in-country "focal point". NDAs are typically housed in government ministries, while a focal point can be a single government official.

The primary task of NDAs and focal points is to ensure that funding proposals are consistent with national laws, climate strategies and development plans. That happens through the issuance of a "no objection" letter, which provides a country's endorsement for a proposal.

Regrettably, the GCF has not set any common benchmarks or minimum standards for the composition, mandate or practices of NDAs. Each country can largely decide for itself what its NDA will do. This means that, though there are recommendations, there are no actual minimum requirements of NDAs for multi-stakeholder engagement, including consultation with affected communities and civil society. It also means that there is no requirement to implement Free, Prior and Informed Consent for Indigenous Peoples.

The GCF will have a redress mechanism for affected communities harmed by failure to implement its safeguards when projects are carried out, though the details of this mechanism have yet to be fleshed out. An independent integrity unit will also be formed to investigate fraud and corruption.

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Board

GCF decisions are taken by a 24-member Board (with a further 24 "alternate" members), composed of an equal number of members from developing and developed countries.

The Board decides which activities the Fund will support, as well as accrediting the "entities" that will administer its projects and programmes. The Board also sets the Fund's rules and strategic direction, signs off on budget and staffing requirements and appoints an Executive Director who oversees the work of the Fund's staff. The Board usually meets three times per year.

Secretariat

The GCF Secretariat is responsible for the Fund's day-to-day operations. The Executive Director is Héla Cheikhrouhou, formerly of the African Development Bank, but she will step down in September 2016. She heads a team of around 43 staff in the Fund's headquarters in Songdo (Incheon), South Korea. This staff is expected to grow to more than 120, in response to complaints of under-staffing (by way of comparison, the World Bank employs around 9,000 people). The Fund also employs 62 consultants around the world on a temporary basis, and is supported in its work by a growing number of expert panels whose tasks include evaluating proposals for funding and accreditation.

Some Board members and civil society groups have pointed out that recruitment is biased in favour of former staff of big development banks. While staffing is intended to be diverse in terms of region and gender, it is notable that a majority of senior

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staff are men from developed countries.

Trustee

The World Bank serves as the interim trustee, meaning that it is tasked with administering any money currently raised.

Observers

Civil society groups and the private sector have no formal role in running the GCF, but are consulted on a broad range of issues. Two "active observers" from civil society and two from the private sector can make interventions and raise concerns at GCF Board meetings.

» WHERE DOES THE GCF GET ITS MONEY?

The GCF can receive funds from developed and developing countries, as well as philanthropic foundations and private sector companies. (Not all of this would be "climate finance" in a strict sense, which refers to public funds from developed countries.) The initial US$10.3 billion in pledges mostly come from developed countries.

As it grows, the GCF is likely to receive considerable "reflows" – loan repayments and profits from funded projects and programmes that are not grant-based. At best, these could result from a responsible model of investing in activities, such as enhancing energy efficiency, that struggle to attract private money but that reduce costs for users while at the same time lowering emissions. But concerns have already been expressed that the Secretariat is aggressively advocating that GCF-supported activities put money back into the Fund (including in the case of adaptation projects). Too hard a push for profitable investments could see the GCF rule out support for essential but non-commercial activities in some of the world's poorest countries. This would undermine its core goal of helping the people most affected by climate change.

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» WHAT ACTIVITIES WILL BE FUNDED BY THE GCF?

Mitigation and Adaptation

All developing countries are eligible to receive GCF funds. Several "priority" areas have been identified by its Board, but these are very broadly defined. Eligible mitigation activities include actions to reduce greenhouse gas emissions from power generation, transport, buildings, cities, industries, land use and deforestation. Its adaptation funding is intended to support programmes and projects that increase the resilience of vulnerable communities, target food and water security (amongst other forms of well-being) and improve the resilience of infrastructure and ecosystems in the face of climate change threats.

The GCF has promised that it will try to dedicate half of its funds to adaptation, although this is an aspiration to be achieved "over time" rather than a binding limit. Its first round of funding met this goal, but it is far too early to predict what will happen longer term, and past precedents are poor. For example, in their 2010-2012 "fast-start" climate finance commitments, developed countries promised to balance mitigation and adaptation. Yet less than a fifth of that money was spent on adaptation.

The GCF can support a broad range of efforts, from the purchase or deployment of new equipment (such as updated weather forecasting systems, or off-grid solar panels) to community efforts to preserve water and improve farming practices. Public education, new policy measures and institutional "capacity building" are all amongst the types of activities that could be funded.

The GCF aims to achieve "geographic balance" in its funding, with close attention paid to "particularly vulnerable" countries (a contested definition), including least developed countries (LDCs), small island developing states (SIDS) and African states.

The goal of targeting the most vulnerable may be in tension with the Fund's aim of giving a "significant" share of its funding to private sector activities, however. Private investors are focused on finding the most profitable and least risky investments, which tend to be concentrated in a handful of (relatively) wealthier countries and backed by larger, often multinational, companies.

Special initiatives

In addition to the US$168 million to finance the GCF's first funding proposals, the GCF has allocated resources for a number of other initiatives. Up to US$500 million will be dedicated to chasing funding from large investors in the financial sector, as part of a pilot programme that could include a foreign exchange facility to manage investor risk or see the GCF participating in investment funds for renewable energy and energy efficiency.

US$200 million is allocated for another pilot programme targeted at supporting micro, small and medium-sized enterprises (MSMEs) in developing countries. A further US$200 million will attempt to encourage "enhanced direct access" to GCF funds from national and local developing country institutions through up to 10 pilot projects.

Readiness

The GCF has also allocated a total of US$53 million for "readiness" funds, with any country eligible to receive up to US$1 million. These funds are meant to build a country's capacity to engage with the GCF.

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» WILL THE GCF FUND FOSSIL FUELS?

Common sense says that financing any fossil fuels or environmentally harmful energy through the GCF is at odds with its purpose of helping to achieve clean, climate-friendly development. It is totally inconsistent with what climate scientists say we need to do if we want to avoid runaway climate disruption. But GCF rules do not explicitly prevent it from funding fossil fuels.

Some of the investment guidelines already adopted by the GCF could be interpreted as steering funding away from fossil fuels, if they are applied strictly. These include a measure of the "degree to which an activity avoids lock-in of long-lived, high-emission infrastructure" and its "overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius." But this advice is not binding, and there is a reasonable chance that Board decisions would put political considerations first in choosing how to interpret these rules.

In response, civil society groups have continually pressured the GCF to clarify its position on energy financing, and have pushed for an exclusion list that clearly says no to fossil fuels and other dirty energy projects.

Fossil fuels aside, close scrutiny and pressure from civil society will be necessary to try to prevent the GCF from funding false solutions like so-called "climate smart" agriculture, biofuels, waste incineration, nuclear energy and big dams. Because these activities are much more easily greenwashed than oil, coal or gas projects, there is arguably more risk of the GCF financing them. Whether or not such false solutions get funded will largely depend on what happens at the national and sub-national levels, making national advocacy key to keeping the GCF truly green and climate friendly.

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INSTITUTE FOR CLIMATE AND SUSTAINABLE CITIES
INSTITUTE FOR POLICY STUDIES
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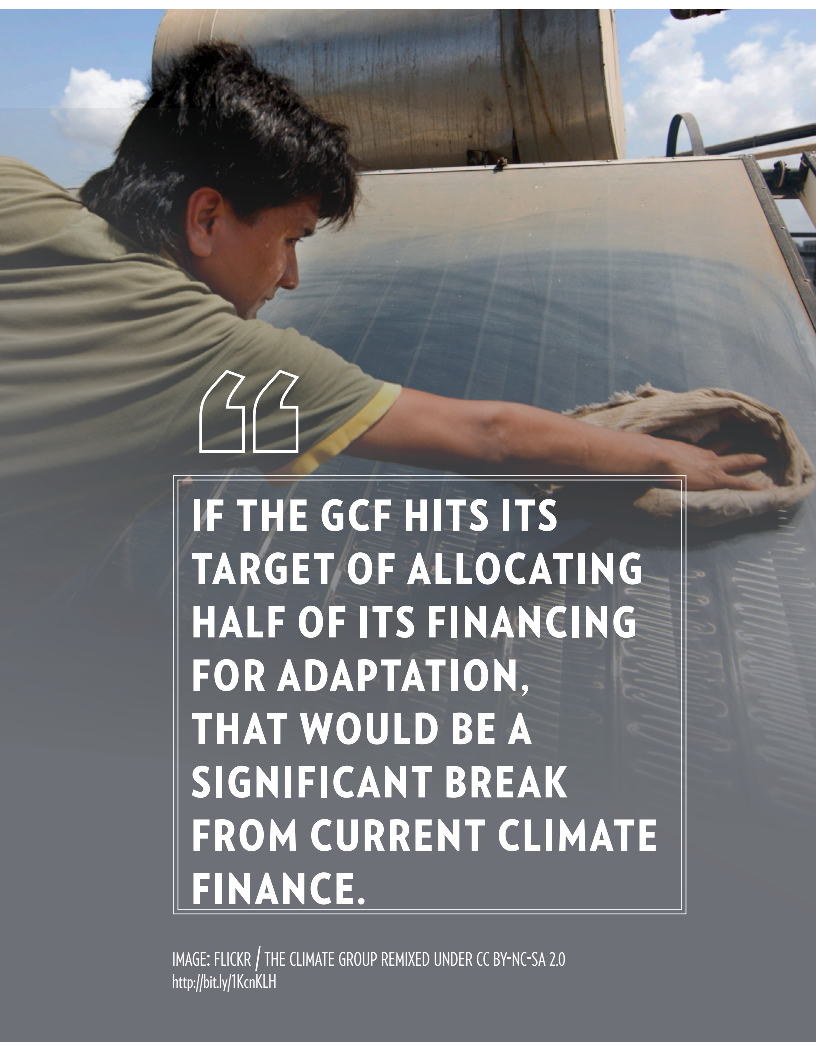

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Board

GCF decisions are taken by a 24-member Board (with a further 24 "alternate" members), composed of an equal number of members from developing and developed countries.

The Board decides which activities the Fund will support, as well as accrediting the "entities" that will administer its projects and programmes. The Board also sets the Fund's rules and strategic direction, signs off on budget and staffing requirements and appoints an Executive Director who oversees the work of the Fund's staff. The Board usually meets three times per year.

Secretariat

The GCF Secretariat is responsible for the Fund's day-to-day operations. The Executive Director is Héla Cheikhrouhou, formerly of the African Development Bank, but she will step down in September 2016. She heads a team of around 43 staff in the Fund's headquarters in Songdo (Incheon), South Korea. This staff is expected to grow to more than 120, in response to complaints of under-staffing (by way of comparison, the World Bank employs around 9,000 people). The Fund also employs 62 consultants around the world on a temporary basis, and is supported in its work by a growing number of expert panels whose tasks include evaluating proposals for funding and accreditation.

Some Board members and civil society groups have pointed out that recruitment is biased in favour of former staff of big development banks. While staffing is intended to be diverse in terms of region and gender, it is notable that a majority of senior

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staff are men from developed countries.

Trustee

The World Bank serves as the interim trustee, meaning that it is tasked with administering any money currently raised.

Observers

Civil society groups and the private sector have no formal role in running the GCF, but are consulted on a broad range of issues. Two "active observers" from civil society and two from the private sector can make interventions and raise concerns at GCF Board meetings.

» WHERE DOES THE GCF GET ITS MONEY?

The GCF can receive funds from developed and developing countries, as well as philanthropic foundations and private sector companies. (Not all of this would be "climate finance" in a strict sense, which refers to public funds from developed countries.) The initial US$10.3 billion in pledges mostly come from developed countries.

As it grows, the GCF is likely to receive considerable "reflows" – loan repayments and profits from funded projects and programmes that are not grant-based. At best, these could result from a responsible model of investing in activities, such as enhancing energy efficiency, that struggle to attract private money but that reduce costs for users while at the same time lowering emissions. But concerns have already been expressed that the Secretariat is aggressively advocating that GCF-supported activities put money back into the Fund (including in the case of adaptation projects). Too hard a push for profitable investments could see the GCF rule out support for essential but non-commercial activities in some of the world's poorest countries. This would undermine its core goal of helping the people most affected by climate change.

> **THE GCF IS ULTIMATELY ACCOUNTABLE TO THE 195 COUNTRIES IN THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE.**

» WHAT ACTIVITIES WILL BE FUNDED BY THE GCF?

Mitigation and Adaptation

All developing countries are eligible to receive GCF funds. Several "priority" areas have been identified by its Board, but these are very broadly defined. Eligible mitigation activities include actions to reduce greenhouse gas emissions from power generation, transport, buildings, cities, industries, land use and deforestation. Its adaptation funding is intended to support programmes and projects that increase the resilience of vulnerable communities, target food and water security (amongst other forms of well-being) and improve the resilience of infrastructure and ecosystems in the face of climate change threats.

The GCF has promised that it will try to dedicate half of its funds to adaptation, although this is an aspiration to be achieved "over time" rather than a binding limit. Its first round of funding met this goal, but it is far too early to predict what will happen longer term, and past precedents are poor. For example, in their 2010-2012 "fast-start" climate finance commitments, developed countries promised to balance mitigation and adaptation. Yet less than a fifth of that money was spent on adaptation.

The GCF can support a broad range of efforts, from the purchase or deployment of new equipment (such as updated weather forecasting systems, or off-grid solar panels) to community efforts to preserve water and improve farming practices. Public education, new policy measures and institutional "capacity building" are all amongst the types of activities that could be funded.

The GCF aims to achieve "geographic balance" in its funding, with close attention paid to "particularly vulnerable" countries (a contested definition), including least developed countries (LDCs), small island developing states (SIDS) and African states.

The goal of targeting the most vulnerable may be in tension with the Fund's aim of giving a "significant" share of its funding to private sector activities, however. Private investors are focused on finding the most profitable and least risky investments, which tend to be concentrated in a handful of (relatively) wealthier countries and backed by larger, often multinational, companies.

Special initiatives

In addition to the US$168 million to finance the GCF's first funding proposals, the GCF has allocated resources for a number of other initiatives. Up to US$500 million will be dedicated to chasing funding from large investors in the financial sector, as part of a pilot programme that could include a foreign exchange facility to manage investor risk or see the GCF participating in investment funds for renewable energy and energy efficiency.

US$200 million is allocated for another pilot programme targeted at supporting micro, small and medium-sized enterprises (MSMEs) in developing countries. A further US$200 million will attempt to encourage "enhanced direct access" to GCF funds from national and local developing country institutions through up to 10 pilot projects.

Readiness

The GCF has also allocated a total of US$53 million for "readiness" funds, with any country eligible to receive up to US$1 million. These funds are meant to build a country's capacity to engage with the GCF.

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» WILL THE GCF FUND FOSSIL FUELS?

Common sense says that financing any fossil fuels or environmentally harmful energy through the GCF is at odds with its purpose of helping to achieve clean, climate-friendly development. It is totally inconsistent with what climate scientists say we need to do if we want to avoid runaway climate disruption. But GCF rules do not explicitly prevent it from funding fossil fuels.

Some of the investment guidelines already adopted by the GCF could be interpreted as steering funding away from fossil fuels, if they are applied strictly. These include a measure of the "degree to which an activity avoids lock-in of long-lived, high-emission infrastructure" and its "overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius." But this advice is not binding, and there is a reasonable chance that Board decisions would put political considerations first in choosing how to interpret these rules.

In response, civil society groups have continually pressured the GCF to clarify its position on energy financing, and have pushed for an exclusion list that clearly says no to fossil fuels and other dirty energy projects.

Fossil fuels aside, close scrutiny and pressure from civil society will be necessary to try to prevent the GCF from funding false solutions like so-called "climate smart" agriculture, biofuels, waste incineration, nuclear energy and big dams. Because these activities are much more easily greenwashed than oil, coal or gas projects, there is arguably more risk of the GCF financing them. Whether or not such false solutions get funded will largely depend on what happens at the national and sub-national levels, making national advocacy key to keeping the GCF truly green and climate friendly.

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MARCH 2016

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SUPPORT MODULE 1

AIM: Strengthening the capacity of national climate finance institutions to manage adaptation and mitigation finance across various levels

SUPPORT ACTIVITIES

- To map the institutional set-up for climate change and climate finance in the partner country. A mapping report will illustrate roles and responsibilities nationally and at the local levels. It will include an analysis of the political, financial and executing arrangements. In addition, factors such as institutional coordination and capacity to absorb and disburse finance, sources of climate finance, systems to track and report finance, and private-sector engagement in climate-relevant activities will be illustrated. The report will identify what type of support the institutions need in order to manage national and international finance for adaptation, mitigation and REDD+.
- To provide training, policy advice and technical assistance to institutions responsible for the management of climate finance, in order to strengthen their capacities. This support can include help to: clarify institutional roles; strengthen engagement and coordination among government institutions and with non-government stakeholders; create new or restructure existing institutional arrangements to enhance effectiveness in the implementation of the climate change agenda; strengthen information management and the sharing of information; raise awareness of the options and processes of relevant climate funds; put in place required climate finance management systems; strengthen capacity to develop and monitor climate change activities; create the right conditions for climate related investments by the private sector.

EXPECTED RESULTS

- Government institutions involved in climate finance will gain a stronger understanding of what is needed in order to effectively manage adaptation, mitigation and REDD+ finance across the various institutions and levels.
- The institutions' skills will be strengthened to manage climate finance in order to achieve climate-resilient and low-carbon development.
- Where needed, the country's systems for the management of climate finance will be strengthened.

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SUPPORT MODULE 2

AIM: Developing financial plans that detail the needs related to climate change financing and how climate funds can be allocated

SUPPORT ACTIVITIES

- To identify priorities and policies related to climate change; to illustrate the financing needed to successfully implement these priorities and policies in the country; to identify potential financing from international, national, private and public sources; and to detect barriers to investment in climate-relevant sectors.
- Based on this, to help the government develop national or sector-specific financial plans related to climate change. The plans detail finance options for implementation of the country's policies, plans and priorities. In the process, the government will be supported in its decision making, for example by conducting multi-stakeholder scenario planning, options analyses or cost-benefit analyses.
- To support the development of a climate public expenditure and institutional review.

EXPECTED RESULTS

- The country will obtain detailed national or sector-specific financial plans for managing climate change. The plans will help improve the financial planning and the implementation of the country's priorities on mitigation, REDD+ and adaptation.
- A public expenditure and institutional review will strengthen the understanding of government institutions about public spending on climate change, the extent to which this expenditure is supported by policies and institutional responsibilities, and how to improve climate-relevant public expenditure in the future.
- The country will receive decision support tools that help improve the planning of climate-related interventions in the future.

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SUPPORT MODULE 3

AIM: Assisting countries in identifying, establishing and strengthening Implementing Entities (IEs) and National Designated Authorities (NDAs) in order to access climate finance

SUPPORT ACTIVITIES

- To inform and advise the government on the requirements for direct access to funds of the GCF via sub-national and national IEs; on how to access funds via a regional IE; on enhanced direct access via a National Funding Entity or National Climate Fund; and on how to access and mobilize other sources of climate finance. This may include information and advice on fiduciary and institutional capacities; transparency and self-investigative powers; monitoring and evaluation; financial and programme management; and environmental, social and gender safeguards.
- To support the government in consulting about and identifying an institution to be nominated as national, subnational or regional IE vis-a-vis the GCF; or as a National Funding Entity or a National Climate Fund for enhanced direct access, if relevant.
- Depending on the country's needs, the following may also be offered:
  - Supporting the government in establishing and nominating the IE.
  - Developing a country- or region-specific tool that helps the IE assess its readiness for direct access to the GCF and to other funding mechanisms.
  - Supporting the IE in preparing a capacity development strategy to address any identified needs and gaps.
  - Helping to close capacity gaps through technical assistance, training and systems development. Depending on the country's needs, the assistance can focus on fiduciary standards; transparency and self-investigative powers; institutional, monitoring, evaluation, financial and management capacities; environmental and social safeguards; and more broadly on how to mobilize and access climate finance.
  - Where relevant, supporting the accreditation process of the IE for direct access with the GCF or other funding mechanisms such as the Adaptation Fund.
  - Helping to operationalize an NDA vis-a-vis the GCF or other climate funding mechanisms, and to strengthen its capacities.

EXPECTED RESULTS

- Government institutions will enhance their knowledge on how to access GCF funds; how to access and mobilize climate finance from other international, national, private and public sources; and how to identify and establish an appropriate IE.
- The IE will strengthen its capacities to access GCF funding and to mobilize climate finance more broadly.
- Depending on the country's needs and status of readiness, the IE will be accredited or in the process of accreditation; and the NDA will strengthen its capacities to assess and consult on funding proposals.

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SUPPORT MODULE 4

AIM: Developing tools and methods for monitoring and reporting on climate finance

SUPPORT ACTIVITIES

- To develop systems for monitoring, evaluating, reporting and verifying the sources, management, purposes and results of climate finance at the national and subnational levels. This includes developing practical methodologies for tracking and reporting climate finance and its effectiveness. In the process, to consult with country stakeholders on tracking needs and priorities. The methodologies will build on the data gathered for the climate public expenditure and institutional review. They will take into account the cross-cutting nature of adaptation, mitigation and REDD+; the challenges associated with tracking flows from national or regional funding institutions to the local level; and the need for systems that integrate monitoring, reporting and verification on the national and sub-national levels.
- To provide training on monitoring, evaluation, reporting and verification.
- To train institutions on how to use the results of monitoring and evaluation when developing and adjusting activities and plans.

EXPECTED RESULTS

- The country will improve its systems for national and sub-national monitoring, evaluating, reporting and verifying climate finance.
- Government institutions and civil society will strengthen their capacity to undertake monitoring, evaluation, reporting and verification of climate finance.

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SUPPORT MODULE 5

AIM: Establishing links between national readiness activities and ongoing global processes

SUPPORT ACTIVITIES

- To capture and document the experiences and lessons learned in the implementation of the GCF Readiness Programme in the country.
- To share these lessons and experience with other countries, the GCF Board and UNFCCC stakeholders.
- To make recommendations to the GCF Board on how to design GCF requirements to take into account developing countries' needs and capacity.
- To further develop the 'Climate Finance Options Platform', based on the country's information needs. The platform shares information about access to climate funding, and includes successful case studies, how to leverage private sector financing, tools, publications and a space for the user community to connect and exchange.

EXPECTED RESULTS

- Strengthening the country's knowledge of the opportunities and barriers with regards to accessing and managing funding from the GCF and other sources, including the private sector. The country will also learn about which measures are most effective in overcoming barriers.
- The GCF will gain insights on how to align its requirements with the country's needs.
- Via the Climate Finance Options Platform the country will gain improved access to information on the various sources of climate funding.

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SUPPORT MODULE 6

AIM: Facilitating national climate investment consultations

SUPPORT ACTIVITIES

- To facilitate national climate investment consultations with a range of stakeholders, including government agencies, legislative representatives, local and international financial institutions, NGOs, academia, civil society and the private sector. Consultations will include topics such as: the country's policy, finance and project development priorities; the legal framework for private-sector investments; support for and barriers to investment; existing and required capacities of stakeholders to identify and make climate investments; economic assessments and cost-benefit analyses.
- To raise awareness among project developers on the country's priorities in the areas of mitigation, REDD+ and adaptation.

EXPECTED RESULTS

- A wide-ranging group of stakeholders will improve their understanding of the country's policy, finance and project development priorities; and of the existing and required capacities to conduct climate investments.

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SUPPORT MODULE 7

AIM: Preparing guidelines and tools for assessments, identification and formulation of proposals for funding

SUPPORT ACTIVITIES

- To develop maps that illustrate the country's vulnerabilities in the context of climate change, and to analyze adaptation options.
- To prepare climate-related information tools and guidelines adapted to the specific needs of the country. This can include renewable energy resource assessments, the establishment of components of a national emissions profile, or standards and certification for prioritized technologies.
- To prepare guidelines and tools to identify investment options and to identify, prioritize and formulate concrete proposals for funding by climate funds.

EXPECTED RESULTS

- The country will gain improved tools and knowledge on the national climate baseline and climate change vulnerability.
- Decision-making will facilitated regarding the identification and formulation of proposals for funding.

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SUPPORT MODULE 8

AIM: Supporting the preparation of a pipeline of climate projects and helping them attract investment

SUPPORT ACTIVITIES

- To assist in strategic planning, decision making and other preparatory activities for a pipeline of concrete adaptation, mitigation and REDD+ investments. This may include scoping, surveys, feasibility studies and other forms of assessments of investment proposals (including environmental, social, gender-related and economic assessments). It may also include supporting the government in assessing linkages of proposals to national plans and policies (NAPs, NAMAs, LEDS etc.), in assessing the potential for private-sector engagement, and in endorsing selected proposals.
- To provide targeted technical and financial support to project developers to partially cover the costs of critical milestones in the early development process of selected projects. The aim of this is to enable them to reach financial closure and become bankable, i.e. to attract investment by financial institutions. The support could include milestones such as business plan development and financial structuring.
- Where relevant, to provide technical assistance to public and private-sector project developers in order to submit proposals to climate funds. This will include training developers on the specific criteria of the targeted funds and on how to manage the requested climate funds.

EXPECTED RESULTS

- Various viable adaptation, mitigation and REDD+ projects will advance through the early development process and become bankable.
- Project developers will strengthen their skills to manage and plan projects and programmes, including how to conduct feasibility studies, financial structuring and business plan development.
- There will be a pipeline of strong adaptation, mitigation and REDD+ proposals for submission to national and international climate funding mechanisms.

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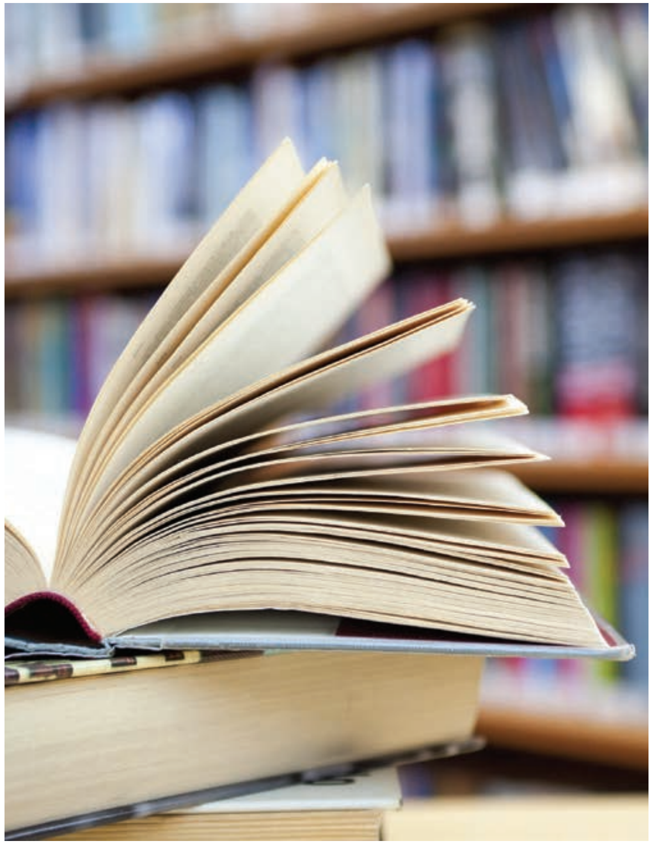
SUPPORT MODULE 9

AIM: Training local financial institutions to build up the skills required for climate related investment activity

SUPPORT ACTIVITIES

To provide training for local financial institutions to enhance their capacity to finance climate related projects, including:

- Raising their awareness on general climate change issues.
- Helping them assess and compare levels of risk and potential returns of various types of investments, including via cost-benefit analysis.
- Strengthening their skills related to project financing structures and modeling in the mitigation, REDD+ and adaptation sectors.
- Assisting them in gaining insights into key topics such as energy portfolio management and sources of financing for sustainable energy.
- Facilitating the establishment of linkages between financial institutions and entrepreneurs, e.g. via investment forums or online.



EXPECTED RESULTS

- Local financial institutions will strengthen their skills to conduct climate-related investment activities.

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SUPPORT MODULE 10

AIM: Providing technical assistance and funding support to local financial institutions to develop new financial products and services for prioritized climate sectors

SUPPORT ACTIVITIES

To provide technical assistance and funding to local financial institutions to support innovative engagement by the finance industry in climate-relevant sectors such as renewable energy, energy efficiency, sustainable forestry and climate-resilient agriculture. This can include technical and financial support of a broad range of activities depending on the local circumstances, including:

- Identification of available climate change-relevant projects that are investment-ready and represent business opportunities for financial institutions.
- Portfolio clustering.
- Feasibility studies.
- Market assessments.
- Business planning and marketing (e.g. development of new products and services with focus on climate change-relevant projects).
- Regulatory and environmental analyses.
- Credit cycle management.
- Monitoring of climate change-relevant projects (e.g. energy and CO2 emission savings).

EXPECTED RESULTS

- New financial products and services will be launched for climate sectors that are prioritized in the country.
- Measurable scaling up of financial flows into climate change solutions.

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