



Frankfurt School

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# Workshop on GCF procedures, concepts and opportunities

## Day 1

Frankfurt School of Finance & Management – UNEP Centre

22 June 2022

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**Have you been involved in climate-related projects?**

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# PURPOSE OF OUR WORKSHOP AND AGENDA

## Purpose

To introduce the Green Climate Fund (GCF) to all relevant institutional stakeholders in Suriname to enable a better engagement. The workshop's topics include GCF operations, priorities and processes, investment criteria and results management framework, Concept Note and Funding Proposal design.

## Agenda – Day 1

**Session 0** (20 minutes). Welcome and introduction, purpose and structure of this event

**Session 1** (90 minutes): The GCF, its mandate, the historical context and link to the Paris Agreement, the objective to strengthen country ownership, operations and (role and functions of) key stakeholders in Suriname (e.g., NDA, AEs, EEs), GCF priorities and processes (incl. brief introduction to the country programme, consultations-needs)

**Break** (15 min)

**Session 2** (1 hour): Zooming in on AE selection, accreditation, national set-ups, incl. type of NDAs and DAEs. Discussion

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# WHAT HAPPENS ON FRIDAY?

## Agenda – Day 2

**Session 3** (90 minutes): GCF investment criteria and results management framework; introduction Concept Note (CN) and Funding Proposal (FP) Design, Brief introduction to request for proposals (RfP), Simplified Approval Process (SAP), Project Preparation Facility (PPF), Readiness Support Programme.

**Break** (15 min)

**Session 4** (60 minutes): FP evaluation. Example (from the region) and typical shortcomings/challenges of FPs (e.g. reflecting specific comments (and observations) from the independent Technical Advisory Panel (iTAP), private sector

**Break** (15 min)

**Session 5** (60 minutes): Impressions from the audience and exchange on current GCF project opportunities. (Discussion and Open Q&A)

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# SESSION 0 - INTRODUCTION

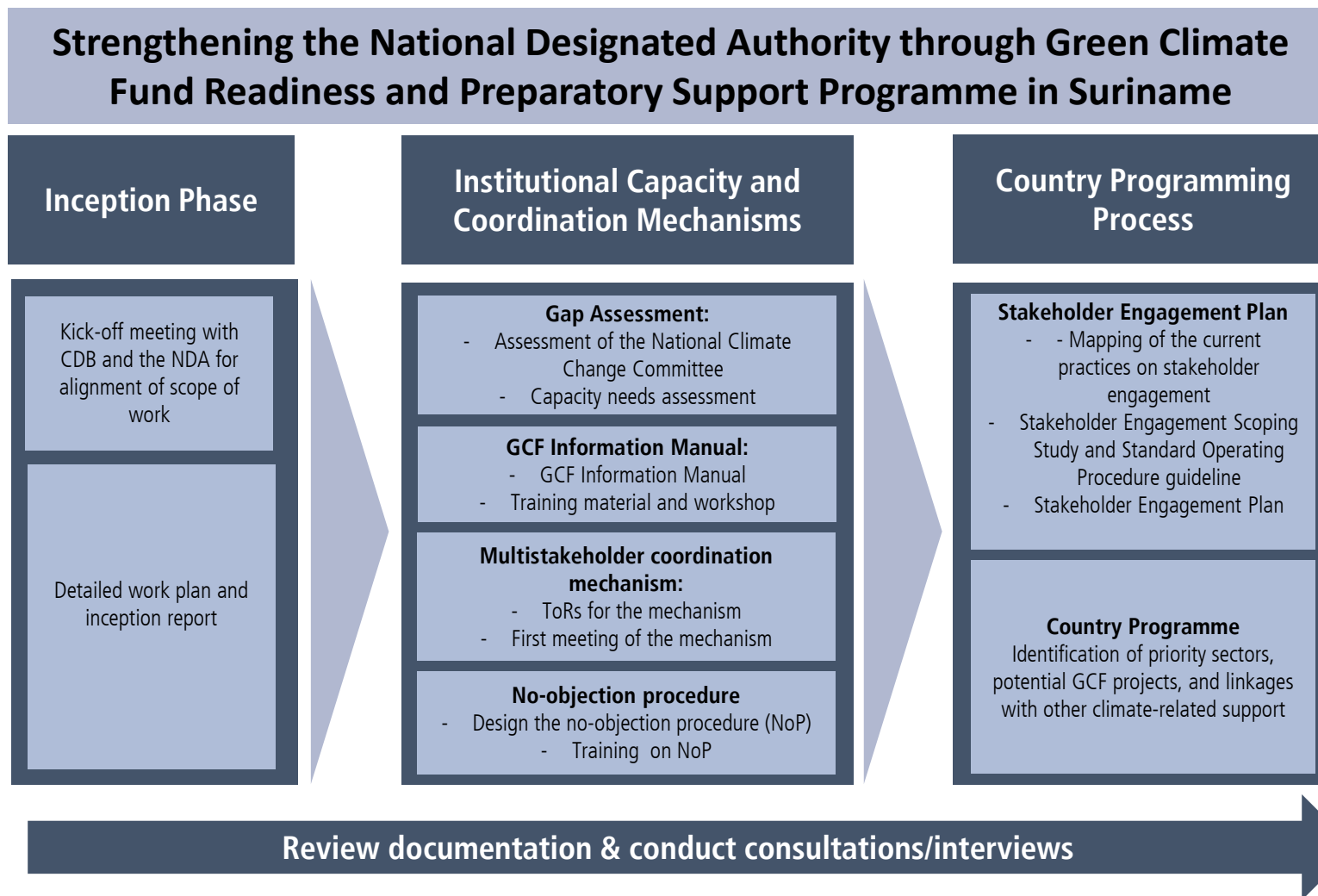


# OBJECTIVE OF THE CONSULTANCY

The objective of this consultancy is to enhance Suriname's capacity to engage with the GCF and effectively access finance to respond to national climate change and development priorities.

The expected outcomes are two-fold:

- (a) Strengthened capacities within the National Designated Authority (NDA – ROM Ministry) to facilitate efficient planning and administration of fund-related responsibilities,
- (b) National priorities are elaborated through the development and implementation of a GCF Country Programme.



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# SESSION 1 – GCF MANDATE AND PRIORITIES





# GCF MANDATE



The Green Climate Fund (GCF) – a critical element of the Paris Agreement - is the world’s largest climate fund, mandated to **support developing countries raise and realize their Nationally Determined Contributions (NDC)** ambitions towards low-emissions, climate-resilient pathways.

## Transformative approach

The GCF’s goal is achieved by investing across four transitions – built environment; energy & industry; human security, livelihoods and wellbeing; and land-use, forests and ecosystems – and employing a four-pronged approach:

1. Transformational planning and programming
2. Catalysing climate innovation
3. De-risking investment to mobilize finance at scale
4. Mainstreaming climate risks and opportunities into investment decision-making to align finance with sustainable development

# THE FIVE GCF KEY FEATURES



Are you aware about the GCF's key feature – the GCF's comparative advantage ?

- 1. Country driven**
- 2. An open, partnership organization**
- 3. A range of financing instruments**
- 4. Balanced allocation**
- 5. Risk-taking, patient capital**

# KEY FEATURE 1: COUNTRY DRIVEN

A core GCF principle is to follow a **country-driven approach**, which means that **developing countries lead GCF programming and implementation**.

**Country ownership** of GCF financing decisions enables developing countries to turn NDC ambitions into climate action. GCF's country-driven approach is underpinned by capacity-building support through its **Readiness Programme** that is available to all developing countries.

# COUNTRY OWNERSHIP THROUGH THE NDA

To ensure Country Ownership, NDAs should safeguard:

- **On-going and evolving** processes, which recognizes different needs and contexts
- **Inclusive and participatory** country program development contributes to country ownership
- Country ownership is required **throughout the project cycle** – from readiness, to concept note development, project development, and monitoring
- **Build institutional capacities** across stakeholders, including that of the NDA
- **Engage all relevant stakeholders**, at national and sub-national levels

# TWO METHODS FOR ENSURING COUNTRY OWNERSHIP

## STRATEGIC CONSULTATIONS, INCLUDING COORDINATION MECHANISMS

- Lead consultations with multiple stakeholders
- Ensure that inputs and interests are consistent with national priorities

## DEVELOPMENT OF NO OBJECTION PROCEDURE

- Establish objective criteria that meet national priorities
- Ensure strong climate science base is clearly articulated
- Create buy-ins through inclusive consultations

# THE NO OBJECTION FUNCTION

A No-objection implies that the government has no objection to the proposed initiative, confirmed by the issuance of a no-objection letter (NoL)

A No-objection statement assumes that the proposed initiative:

- Meets **national priorities**, plans and strategies
- Conforms with **existing laws and regulations**, including those on Environmental and Social Safeguards, Gender Policy, and Indigenous People Policy
- Has met **other conditions** as prescribed by the NDA and other key country stakeholders

Each country can decide on its own nationally appropriate process for ascertaining no-objection to funding proposals according to the country's capacities and existing processes and institutions

## KEY FEATURE 2: AN OPEN, PARTNERSHIP ORGANIZATION

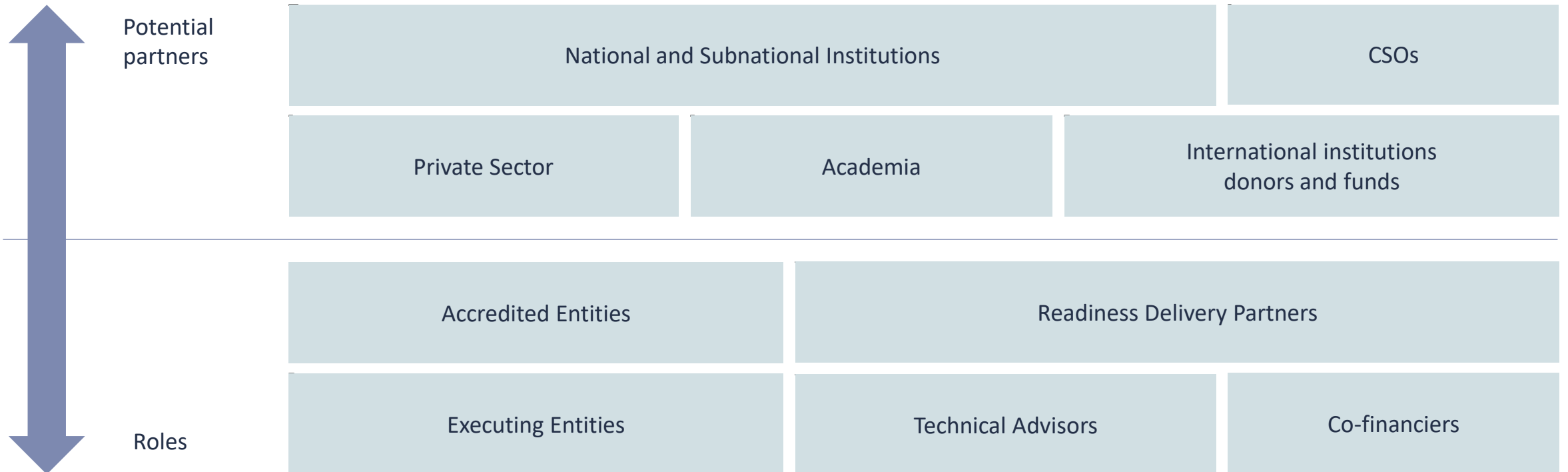
GCF operates through a network of over 200 **Accredited Entities** and delivery partners who work directly with developing countries for project design and implementation. The partners include international and national commercial banks, multilateral, regional and national development finance institutions, equity funds institutions, United Nations agencies, and civil society organizations.

It is part of the mandate of the NDA to select appropriate partners

# DIFFERENT TYPES OF PARTNERS AND ROLES



Are you aware about the GCF's and NDA's partners ?





# DIFFERENT TYPES OF PARTNERS AND ROLES

## Readiness Delivery Partner

- Institutions selected by the NDA to implement activities approved under the Readiness Programme
- Provide services, e.g. development of readiness proposals; progress reporting; and project completion and evaluation, but also capacity building
- Delivery partners may be Accredited Entities or other institutions who meet the financial management capacities requirements of the Fund (Financial Management Capacity Assessment)

**Examples:** Global Green Growth Institute; Environmental Project Implementation Unit

## Accredited Entity (Direct, Regional, International)

- Develop funding proposals based on country priorities
- Implement, deliver, monitor and report on the results of funded activities
- Manage executing entities
- Develop and periodically update an entity work programme that is aligned with Country Programme. This applies to regional and international accredited entities., while direct access entities' programmes are reflected in Country Programmes

**Examples:** UNDP, IFC, GIZ, FUNDACIÓN AVINA, Deutsche Bank AG, [XacBank](#)

## Executing Entity

- Any entity through which GCF proceeds are channeled or used for the purposes of a funded activity or part thereof
- An entity that executes, carries out or implements a funded activity, or any part thereof
- A partner of accredited entity, which also need to bring capacities in accordance with GCF policies and requirements

**Examples:** [XacBank](#), Burkina Rural Electrification Agency

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**1. What could be the role of your organisation regarding the GCF?**

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# CONSIDERATIONS WHEN SELECTING PARTNERS

1

With the selection of the right partner, the NDA ensures:



- That the partner has the required expertise, skills and relevant experience to successfully contribute to the achievement of the country priorities and
- Determines which part of the Country Programme, the partner can specifically deliver on

2

NDA can advise interested parties on appropriate roles, based on:



- Required technical skills organizational capacities
- Essential project management skills and experience
- Development potential for increasing/different roles over time

## KEY FEATURE 3: A RANGE OF FINANCING INSTRUMENTS

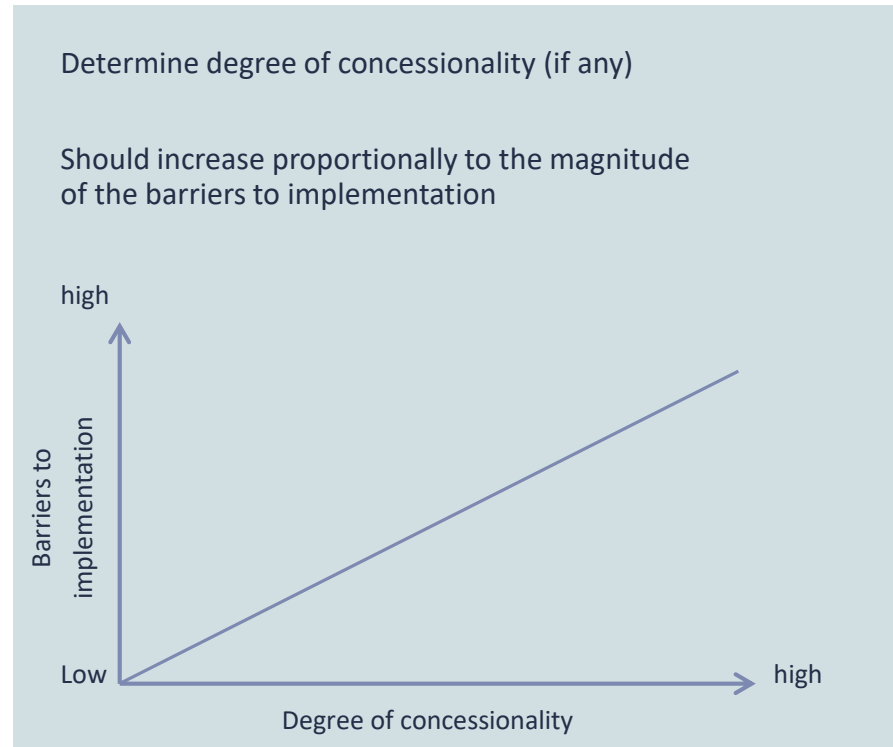
GCF can structure its financial support through a flexible combination of **grant, concessional debt, guarantees or equity instruments** to leverage blended finance and crowd-in private investment for climate action in developing countries. This flexibility enables the GCF to pilot new financial structures to support green market creation.

The type of financial instruments needed will help select the most suitable accredited entity.

# PRINCIPLES FOR STRATEGIC USE OF PUBLIC FUNDING

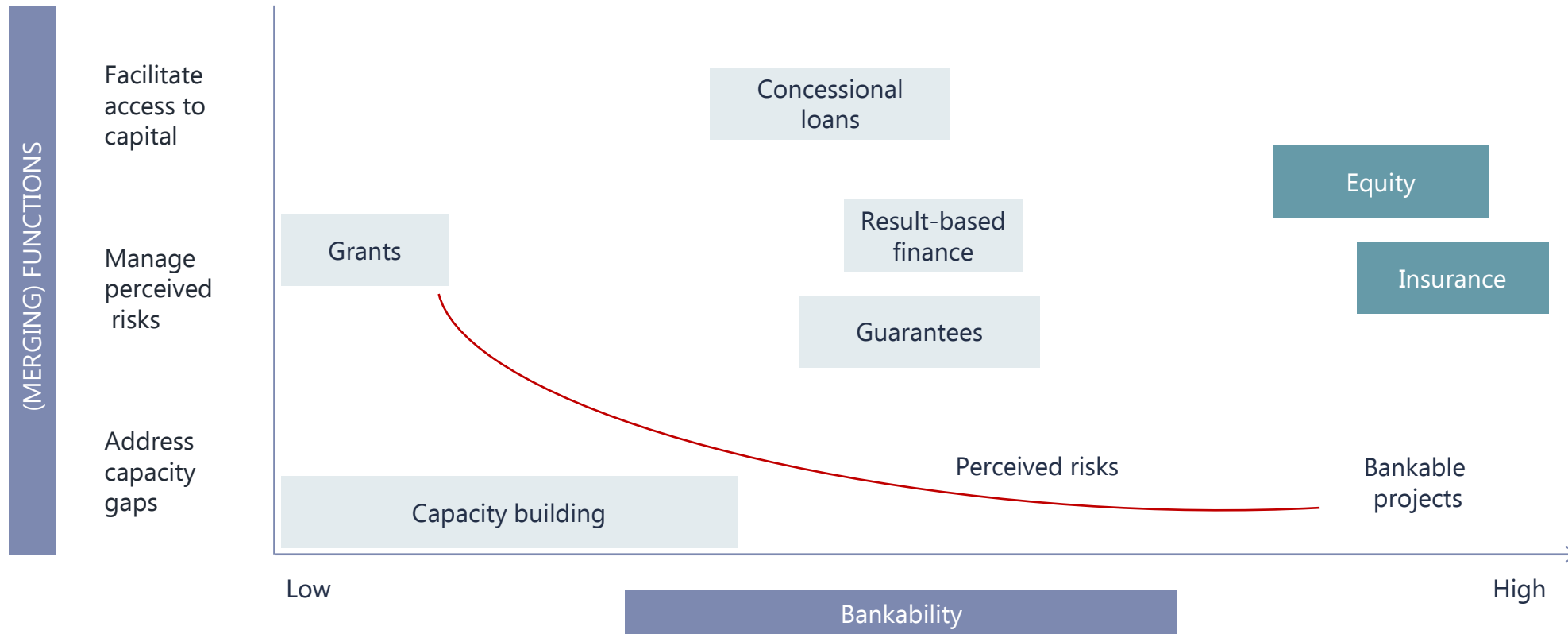
## Barriers:

- Access to finance
- Investment risks
- Capacities (e.g., know how, insufficient policy/regulatory framework, etc.)



# STRATEGIC USE OF FUNDING

Categorising and summarizing major risks and exemplary instruments to respond



# KEY FEATURE 4: BALANCED ALLOCATION



Are you familiar with the GCF's result areas ?  
What type of projects is the Fund supporting?



Health, food, and water security



Livelihoods of people and communities



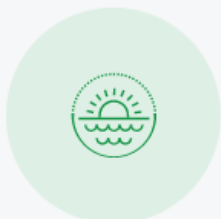
Energy generation and access



Transport



Infrastructure and built environment



Ecosystems and ecosystem services



Buildings, cities, industries, and appliances



Forests and land use

GCF is mandated to invest **50% of its resources to mitigation and 50% to adaptation** in grant equivalent. At least half of its adaptation resources must be invested in the most climate vulnerable countries (SIDS, LDCs, and African States).

## Adaptation

Climate change adaptation aims to improve resilience of communities and ecosystems to climate change.

## Mitigation

Climate change mitigation interventions seek to reduce the release of greenhouse gas emissions, or to increase the capacity of carbon sinks.



## KEY FEATURE 5: RISK-TAKING, PATIENT CAPITAL

GCF adds value to its partners by enabling them to raise the ambition of their climate action. By leveraging the risk management capacity of its partners and its own set of investment, risk and results management frameworks, GCF can accept higher risks to support early-stage project development as well as policy, institutional, technological and financial innovation to catalyse climate finance. This capacity to take risk is backed up by a robust second level due diligence system.



# ZOOM IN

Country programming  
process to ensure country  
ownership

(feature 1)

# GCF country programming

What is the objective of the GCF Country Programme?



BUILD A CLIMATE SAFE AND RESILIENT SOCIETY

# GCF country programming

## Objective/principles

- Support (long-term) planning through the identification and alignment of country priorities and climate change challenges,
- Define long-term engagement with GCF & facilitate engagement with the GCF across all GCF operational modalities
- Link individual FPs to national sustainable development plans, NDCs and other existing strategies & plans
- Foster collaboration between international & local institutions (as appropriate)
- Highlights the required capacity-building measures at country level
- Provide an overview of expected funding in terms of readiness and project preparation support
- Basis for identifying relevant DAEs (candidates)
- Identify and address climate financing gaps
- Use diverse financing instruments and mechanisms

The Country Programme underscores the country ownership as a core principle of the GCF

# Becoming ready



## Country programming process

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- Identify or establish a coordination mechanisms and formal consultation processes
- Use GCF conceptual Framework and CP Guidance
- Establish a monitoring system for CP implementation, review and update

## Country Programme (4 year)

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### Recommended components:

1. Country context
2. Climate finance strategy and priorities
3. Project and programme priorities (pipeline up to five national projects/programmes)
4. Policy, strategy, planning and institutional needs, incl. diverse financing mechanisms, partners to support implementation, critical capacity needs for implementation, (readiness requests)
5. Multi-stakeholder engagement process



## Multistakeholder engagement process

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- Reaffirm countries' role in driving forward the transformational change
- Reference document for funding proposals - where available in combination with a Concept Note
- Strengthens cooperation with the GCF:
  - Enables GCF to identify funding proposals which will be expected
  - Supports planning of GCF portfolio

# Country programming - country context

Relate the climate change profile with envisaged activities

## Take Stock and Analysis

Climate change profile and projections:

- Science based evidence for climate change linked to climate impact: under different scenarios GHG emissions and vulnerability and impact
- Potential synergies between the country's immediate resilient recovery efforts, as well as sustainable development objectives
- Align with country's national medium-term to long-term priorities

## Identification & Prioritization

Climate-related objectives and adaptation and mitigation activities for the Country Programme and proposed investments

## Content

Climate finance investment needs:

- Identify incremental cost
- Justify the need for concessionality, tailoring terms and conditions to the project type and risks
- Co-finance requirements

# Country programming - country context

Science-based evidence to explain impacts of climate change

Take Stock

EVIDENCE FOR CLIMATE CHANGE

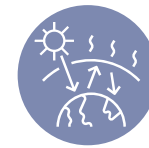
- Global temperature rise
- Warming oceans
- Glacial retreat
- Sea level rise
- Extreme weather events
- Etc.



Analysis

CONCRETE IMPACT OF CLIMATE CHANGE / VULNERABILITY

- Increasing temperature
- Frost-free season (and growing season) will lengthen
- Change in precipitation patterns
- More intense hurricanes
- Melting of glaciers



Identification & Prioritization\*

SET OF OPTIMAL INTERVENTIONS; INTEGRATED IN THE NATIONAL CONTEXT

- Mitigation (e.g. renewable energy and efficiency)
- Adaptation (e.g. drought resistant crops, etc.)

# COUNTRY PROGRAMMING – STAKEHOLDERS

Exemplary multi stakeholder consultation processes for the country programme development

## 1 | Individual consultations

Target group:  
Key ministries

Objective:  
introduce general idea of CP  
and collect initial ideas



First draft of CP

## 2 | Workshop

Target group:  
Key ministries, civil society, private  
sector, and high level representative of  
government and DAE candidates

Objective: Introduce general idea of CP  
and collect initial ideas



Final draft of CP with list of  
priorities & project ideas

## 3 | Technical WS consultations

Target group:  
Line ministries, agencies and committees related  
to climate change activities, private sector, civil  
society organisations and accredited entities

Objective: Final feed-back on draft CP and collect  
& elaborate ideas of project concepts



Draft CP incl. a long list with concrete  
& more realistic ideas

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# GCF GUIDANCE

GCF Programming Manual provides an overview of the GCF project/programme approval process and offers **guidance on how to prepare and submit a funding proposal** that meets GCF investment criteria.

The manual aims to make project origination, development, appraisal, approval and implementation processes more transparent and predictable, as well as to simplify the process of accessing GCF resources.





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**QUESTIONS OR COMMENTS?**





**BREAK**



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# SESSION 2 ENTITY SELECTION AND ACCREDITATION PROCESS

# Selecting accredited entities

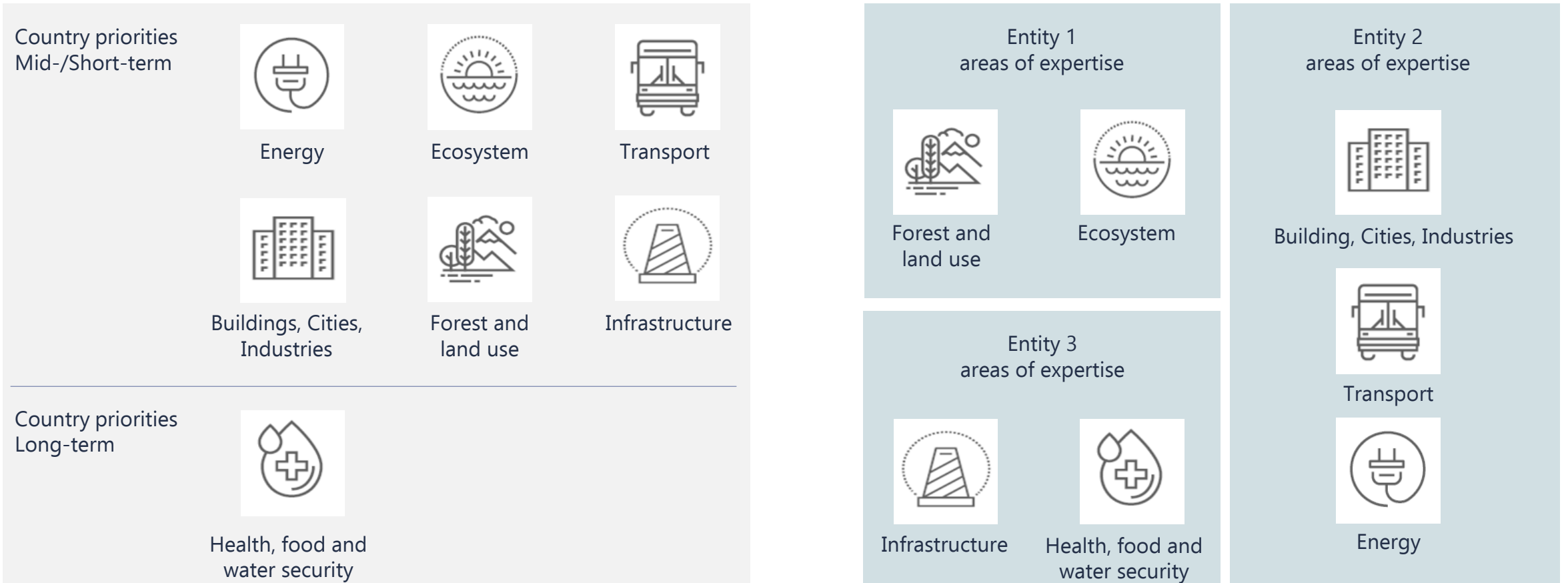
Taking into account different distinct considerations / requirements

Distinct GCF consideration for Accredited Entities	Distinct national considerations for strategic selection of Accredited Entities
<ul style="list-style-type: none"><li>• Independent legal personality and legal capacity</li><li>• Evidence of institutional systems, policies and procedures and a track record applying them – part. basic and specialized fiduciary functions, E&amp;S Standards and Gender Policy</li><li>• Capacity to pass GCF standards down to EEs and to monitor, report and verify that those are being upheld</li></ul>	<ul style="list-style-type: none"><li>• Alignment of capacities with country priorities/ Country Programme, e.g.:<ul style="list-style-type: none"><li>- Balance of adaptation and mitigation</li><li>- Sector focus</li><li>- Diverse financing modalities</li></ul></li><li>• Capacity:<ul style="list-style-type: none"><li>- Potential of the candidate to develop &amp; implement multiple FPs</li><li>- Need for readiness assistance</li><li>- Development potential over time</li></ul></li></ul>

← NDA's are encouraged to engage with the GCF Secretariat →

# Selecting accredited entities

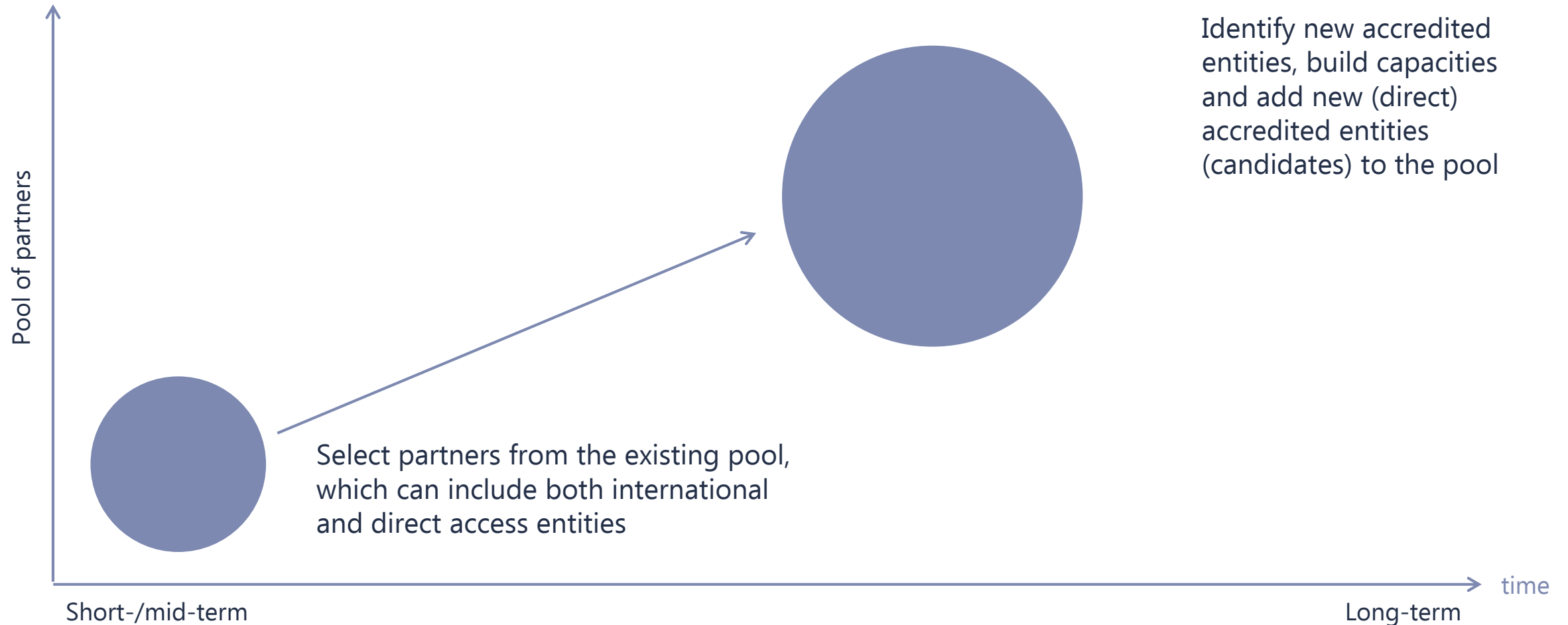
Distinct national considerations for strategic selection of Accredited Entities



Matchmaking priorities through a pool of complementing access entities

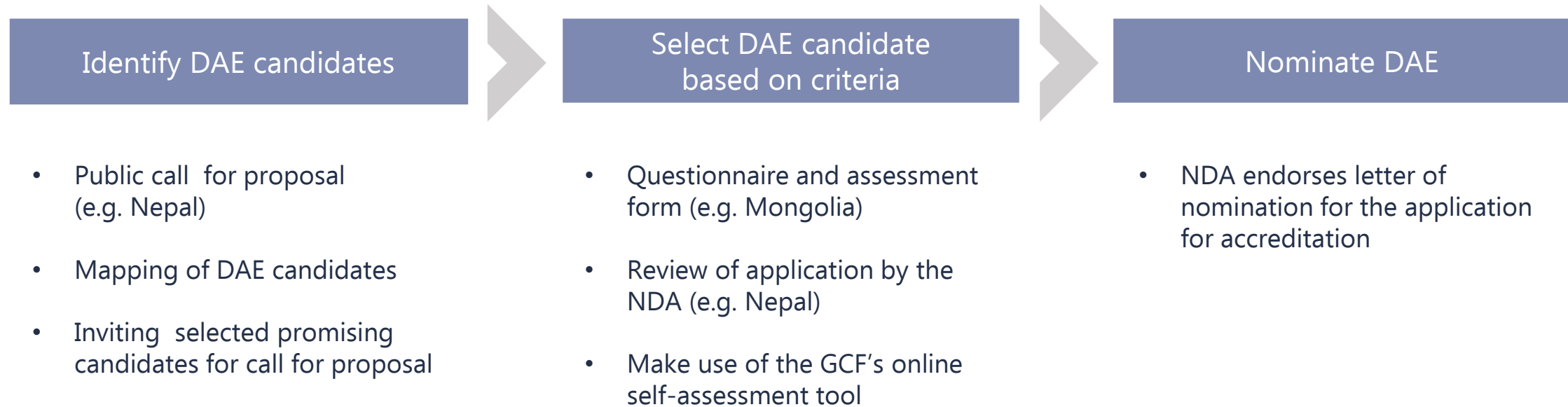
# Selecting accredited entities

Gradual selection – from a pool of partners



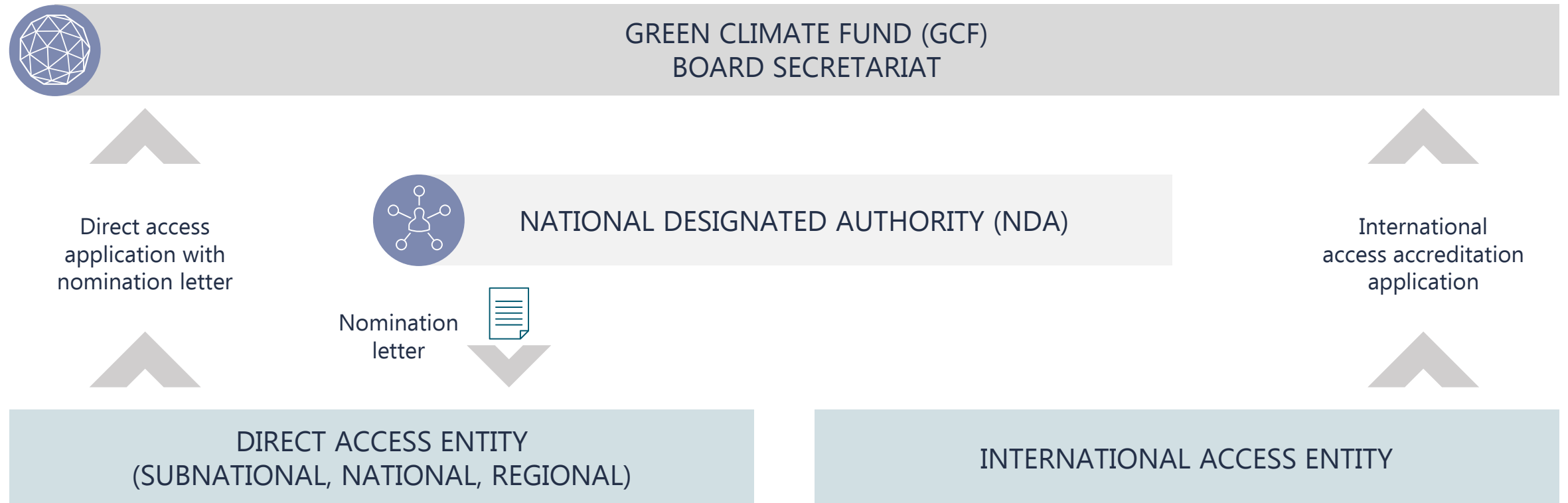
# Selecting accredited entities

The process of selecting direct access entities (DAEs)



# Selecting accredited entities

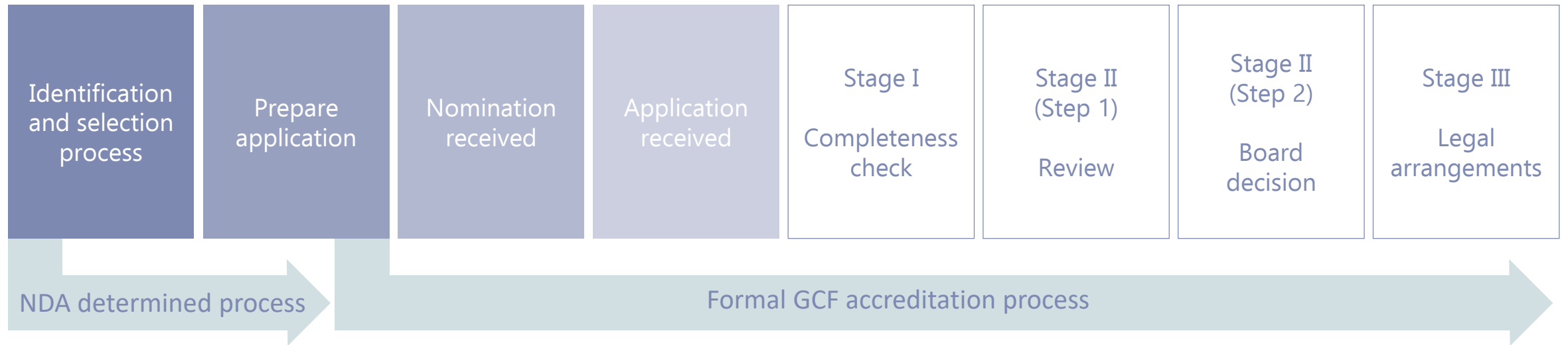
Nomination of accredited entities





# The GCF accreditation process

Is a robust and rigorous process that requires sufficient resources and capacities



Entities seeking GCF accreditation in order to access its resources will be assessed against:

- GCF's initial [fiduciary principles and standards](#)
- GCF's interim [environmental and social safeguards \(ESS\)](#) (including GCF's [Information Disclosure Policy](#) with requirements to disclose E&S reports for certain categories of E&S risks)
- GCF's [gender equality policy](#) and Indigenous Peoples Policy

Note: an updated accreditation framework is expected as well as new ESS.

# The GCF accreditation process

The process of preparing the accreditation application is key

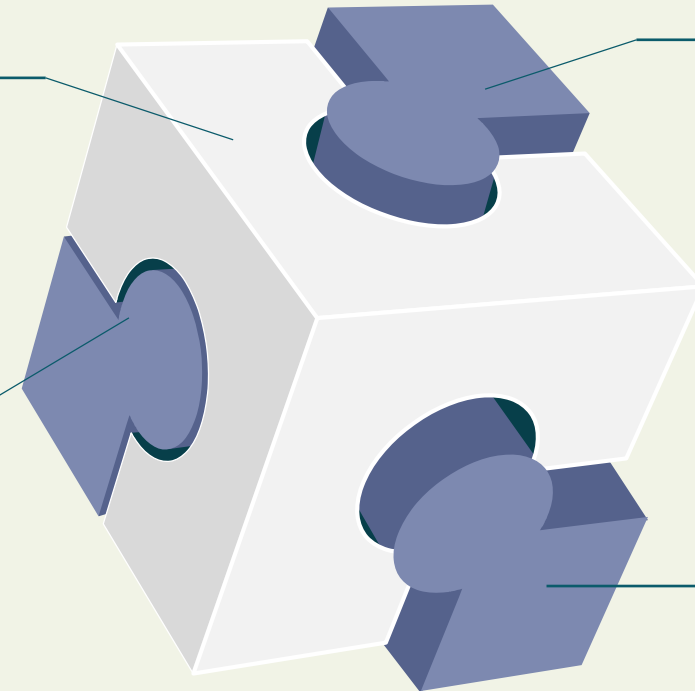
## Fit-for-purpose decision

### Mandate & track record

- Alignment with Fund objectives
- At least 3 years of operations

### Project size

- Micro ( <10M)
- Small (10-50M)
- Medium (50-250M)
- Large ( >250M)



### Fiduciary functions

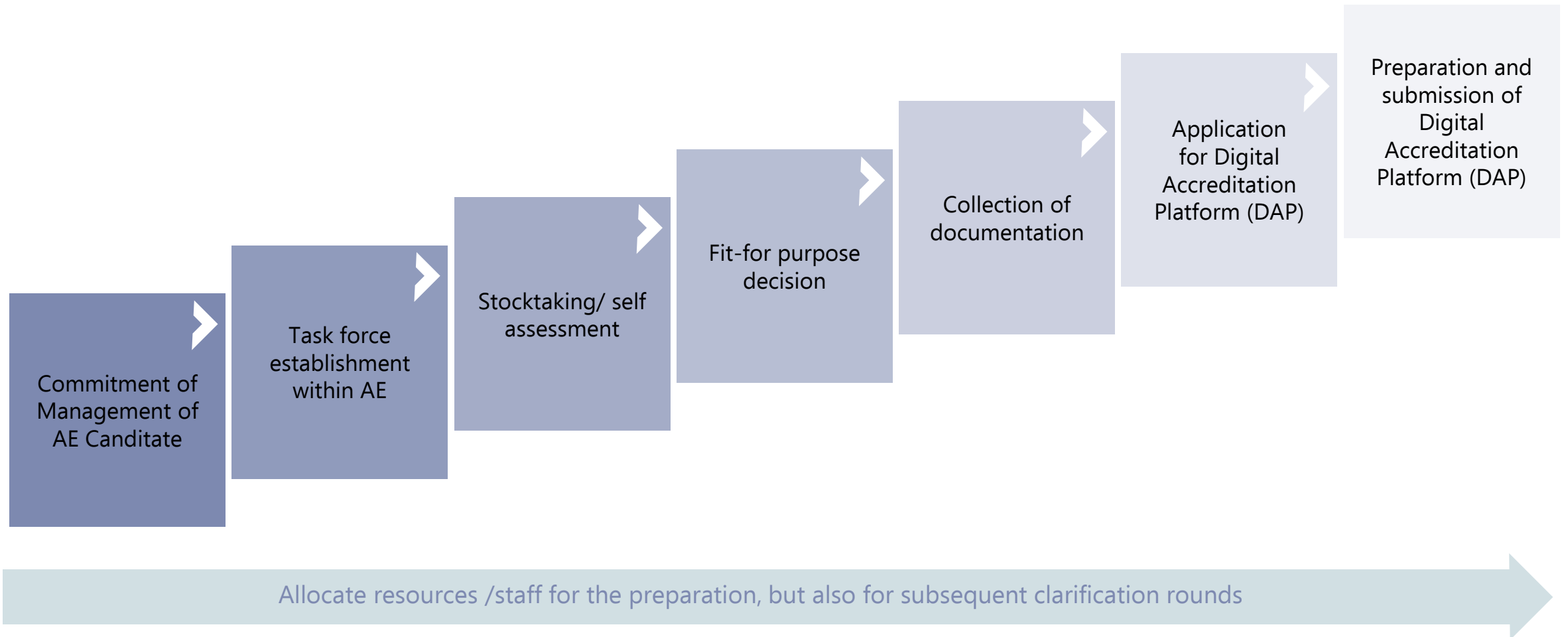
- Basic
- Specialized
  - Project management
  - Grant award
  - On-lending/blending (loans, equity and/or guarantees)

### Environment & social risk category

- A (high)
- B (medium)
- C (minimal or no)

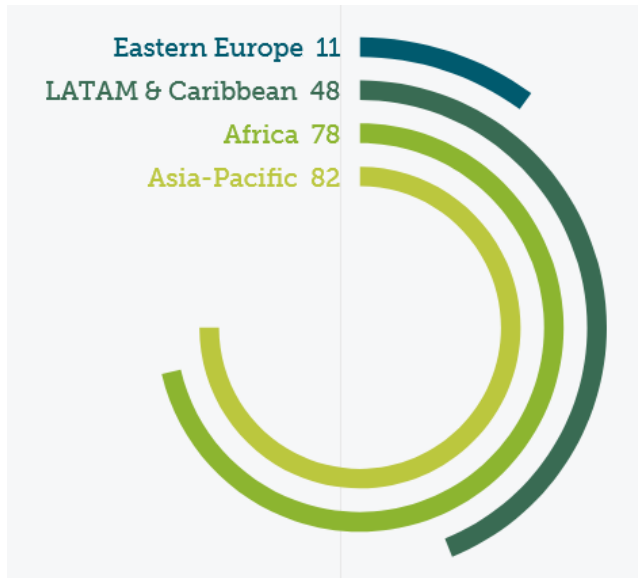
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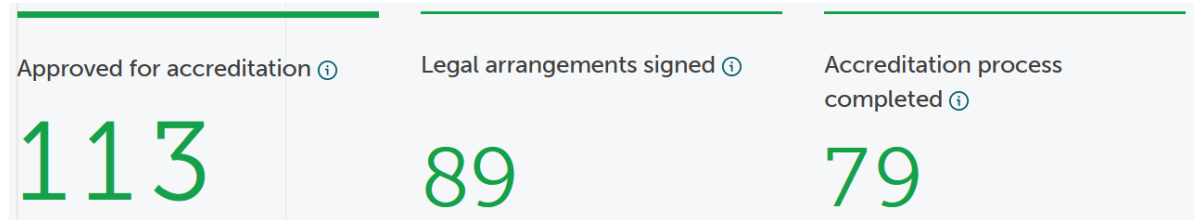


# CURRENT PANORAMA – PROJECTS VS ACCREDITED ENTITIES

196 projects have been approved so far.



## Accredited entities



**International:** Conservation International, FAO, Inter-American Development Bank (IDB), IDB Invest, AfD, FMO. WWF, UNDP, IUCN, etc.

**Direct (regional):** Caribbean Development Bank (CDB), Caribbean Community Climate Change Centre (CCCCC), Inter-American Institute for Cooperation on Agriculture (IICA), Acumen.

**Direct (national):** None



**One GCF project in Suriname:**

**FP173 - The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon**

Public sector, large (598 m)

**Countries:** Suriname, Brazil. Colombia, Ecuador, Guyana, Peru

**Accredited entity:** IDB

**Executing entity in Suriname:** Suriname National Development Bank Ltd.

# Readiness Support for Partner (e.g., DAEs)

Support for direct access entities (incl. pre-accreditation, concept notes, pre-feasibility studies)  
Indicative list of activities that can be supported



- Understanding the roles of institutions and identifying potential accredited entities.
- Conducting an institutional gap analysis of potential applicants against the fiduciary standards, safeguards, and compliance policies of the GCF
- Building the capacity of accredited direct access entities in relation to the GCF activities, in areas such as ESS, the GCF gender policy and action plan, and monitoring, reporting and evaluation
- Strengthening accredited direct access entities institutional capacities through structured trainings, and provide technical support to enable the direct access entity to achieve accreditation upgrades
- Strengthening the capacities of sub-national institutions/executing entities
- Sequencing support for multiple work areas and stakeholders, including NDAs and DAEs (e.g. to align Country Programmes and Entity Work Programmes)



# DISCUSSION



# WHAT KIND OF ACTIONS ARE NEEDED?

1. Set up all procedures (incl. stakeholder engagement procedures) and build capacities at the NDA
2. Formulate a country programme → project pipeline with existing AEs
3. Prioritise project development
4. Engage with the private sector (to be analysed on day 2)
5. Start preparing for the accreditation of a DAE. Accreditation processes are a long-term endeavor



- 1. Thinking about the country programming process and the need to engage with multiple stakeholders**
  - a. When have you engaged with multiple stakeholders? (For what kind of interventions)**
  - b. Which strategies? (methods, type of groups)**
  - c. Please share challenges, lessons learned/recommendations**

## **HOMEWORK**

**Please think about potential areas for climate interventions, projects that should be fostered and other key partners to engage with.**

**We encourage you to share experiences and opportunities from your own work.**

**Met dank!**

Frankfurt School of Finance & Management gGmbH

Adickesallee 32-34

60322 Frankfurt am Main

**Carola Menzel-Hausherr**

Senior Project Manager

Telefon: +49 69 154008-0

Fax: +49 69 154008-650

E-Mail: [c.menzel@fs.de](mailto:c.menzel@fs.de)

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