

## ELEMENTS OF A STRONG GCF PROPOSAL

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Solar Panels Remote Nepal Mountains (Shutterstock)



Aftermath of Hurricane Dorian in Bahamas – Anna Douglas

## Executive Summary

The Green Climate Fund (GCF) is the biggest global climate fund in existence that supports developing countries to address climate change. It aims to help countries achieve a paradigm shift towards low emission and climate resilient development, taking into account the needs and priorities of those countries most vulnerable to climate change impacts. Proposals submitted to the GCF can focus on either mitigation, adaptation or be crosscutting, and both private and public sector entities can submit proposals. Funding from the GCF can be in the form of grants, loans, equity or guarantees.

This briefing is targeted at Small Island Developing States (SIDS) and Least Developed Countries (LDCs) that intend to pursue applications for GCF funding.

### **How can this briefing help you?**

The briefing describes how to include some important elements that have been proven to enhance the quality of GCF project concepts and proposals, based on lessons learned from successful proposals. The elements, which are not meant to be exhaustive include:

1. Provide a strong evidence base using sound scientific evidence demonstrating the need for the project being proposed.
2. Integrate national priorities and policy frameworks to ensure that the proposal fits with the national circumstances and the activities are owned by the country.
3. Engage national stakeholders throughout various steps of the proposal process.
4. Address sustainable development and environmental and social safeguards.
5. Develop and include a sound financial plan in the project proposals.
6. Include a theory of change and address risks and barriers to implementation of the project.
7. Explain how the project will address gender integration.

Project proponents may find this briefing to be a useful guide during the development stage of GCF proposals. The case studies included throughout the document give concrete examples of how to include the specific elements highlighted in the briefing. GCF proposals that incorporated the elements received higher scores in assessments by the Independent Technical Advisory Panel (ITAP) and/or the GCF Secretariat.

The elements in this briefing should be considered in the context of the six GCF investment criteria, which are listed below. Additional guidance on addressing specific GCF investment criteria can be found in this Climate Analytics [briefing](#). In some cases, including these key elements in a proposal will help project proponents respond to the related investment criteria. However, the elements do not respond to all the criteria or to any one criterion in depth. The elements are meant to provide additional guidance beyond how to address the investment criteria, recognising that these elements are related to the criteria.

## Box 1. Important Elements

- 1) A **strong evidence base**: Develop the proposal using sound scientific and quantitative information that supports the proposed activities.
- 2) **Consistency with national priorities and existing policy frameworks**: Demonstrate country ownership by ensuring that the project activities contribute to and align with the achievement of national strategies and policies, e.g. the Nationally Determined Contribution (NDC) under the Paris Agreement.
- 3) **Stakeholder engagement**: Develop a country programme for stakeholder engagement and to further promote country ownership.
- 4) **Evidence and indicators of the project’s contribution to sustainable development**: Highlight clear linkages between the proposed activities and the Sustainable Development Goals (SDGs). Ensure that the proposed activities do not cause harm to the environment or indigenous peoples as per the GCF’s environmental and social safeguards.
- 5) A **sound financial plan**: Include a financial analysis or model explaining cost effectiveness and/or financial adequacy of the project.
- 6) A **clear Theory of Change and risks and barriers to implementation**: Give a clear explanation of the long-term vision for the project, with outputs and outcomes for the proposed activities. Identify risks and barriers to achieving the outputs and outcomes from the theory of change, which requires a detailed feasibility analysis and technical and economic analyses.
- 7) **Gender Integration**: The GCF Gender Policy stipulates that all project proposals must include qualitative and quantitative gender indicators, be aligned with the national policies and priorities on gender and include equitable opportunities for women in stakeholder consultations and decision-making processes throughout the entire project cycle.

The methodology for selecting case studies throughout the document involved identifying projects that received “high” or “medium to high” scores in the six investment criteria (see below) when assessed by the Independent Technical Advisory Panel (ITAP) and the GCF Secretariat. Despite the fact that these assessments do not explicitly score all projects and was not carried out for the first batch of approved funding proposals (FP 001- FP 008), the selected cases represent a subset of cases that are a proxy for well-designed projects according to the ITAP and Secretariats’ assessment criteria. The briefing puts special emphasis on projects from SIDS and LDCs without overlooking those funding proposals from other countries that received positive comments and/or high scores in the assessments. Among the selected cases, those projects that included the key elements mentioned in this briefing received positive scores from the ITAP and GCF Secretariat.

## Box 2. GCF Investment Criteria<sup>i</sup>

- 1) **Impact Potential:** Quantitative and qualitative information on the potential impact of project/programme, e.g. tonnes of CO<sub>2</sub>e avoided or reduced, number of beneficiaries, number of people affected by climate impacts.
- 2) **Paradigm shift potential:** Potential for project to catalyse action beyond the GCF-funded project. Proponents must specify how the project or its activities can be scaled up or replicated, as well as plans for knowledge sharing and how the project contributes to national policies and strategies or regulatory frameworks. Innovative aspects of the project, e.g. promoting new business models should also be highlighted, along with how the project creates an enabling environment for further climate-related activities.
- 3) **Sustainable development potential:** Provide information on how the project aligns with the Sustainable Development Goals (SDGs), especially those which are priority for the country seeking funding. Include quantitative information, backed by solid evidence, of the social, environmental and economic benefits of the project, e.g. number of jobs created, number of women and girls benefited.
- 4) **Needs of the recipient:** Identify vulnerabilities and exposure of the target areas or populations, highlight financing barriers and need for institutional capacity building, and such information should be backed by sound evidence.
- 5) **Country ownership:** Demonstrate how the proposal aligns with national policies, strategies and/or frameworks, e.g. alignment of project activities with achievement of the NDC. Highlight stakeholder engagement with national and local stakeholders, e.g. national ministries, the Accredited Entity, the National Designated Authority, as well as civil society, academia and other stakeholders for the particular project.
- 6) **Efficiency and Effectiveness:** Explain the economic and financial viability of the project/programme by including economic and financial analyses. The proposal should also specify co-financing and/or return on investment where applicable.

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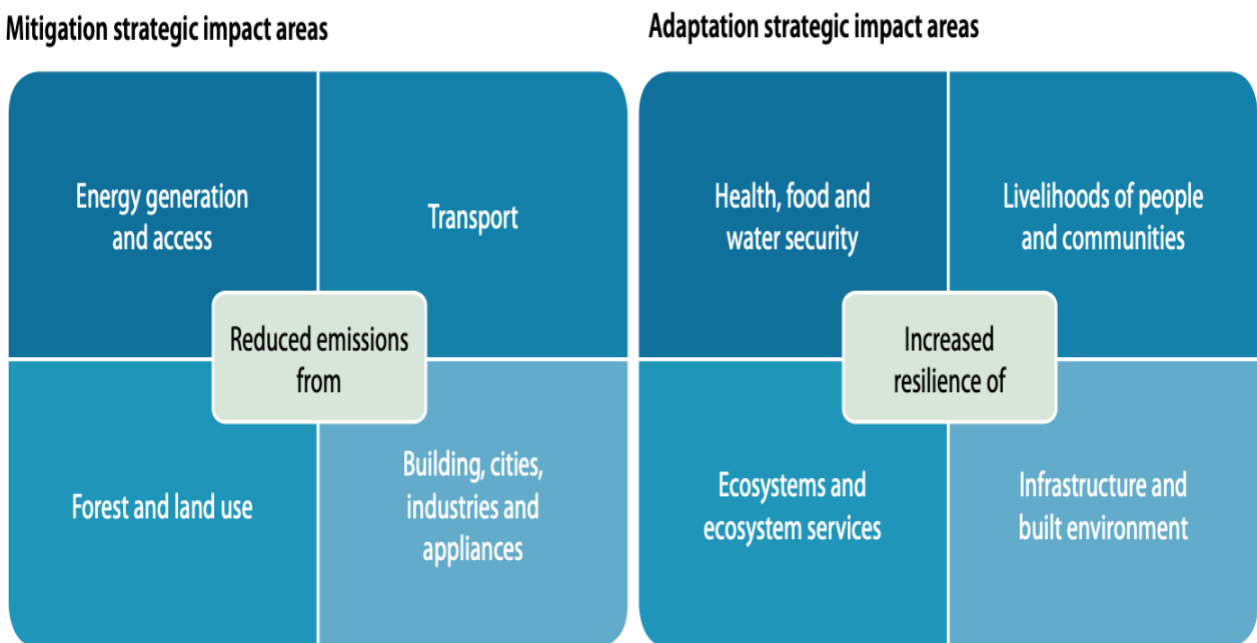
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## Key Elements

When preparing a GCF proposal, the project proponent should have a clear understanding of the adaptation/mitigation results the project aims to achieve. A first step to clarify the adaptation and mitigation result areas in the proposal is to identify in which of the eight strategic impact areas the proposal/project falls.

A project can be attributed to more than one of the eight strategic impact areas, but identifying exactly which result areas will be addressed will help to frame the development of the proposal. Once the overall concept/scope and result areas are identified and assessed, ensuring the inclusion of the key elements mentioned in this briefing in the proposal makes for a stronger proposal/project.

Figure 1: Mitigation and adaptation strategic impact areas



Source<sup>ii</sup>: <https://cdkn.org/wp-content/uploads/2017/06/GCF-project-development-manual.pdf>

## 1. Provide a strong evidence base

A good GCF proposal includes sound evidence for pursuing funding for the specific intervention(s). This evidence base should be consistent throughout the proposal and can include the following:

- Scientific information on climate trends, including expected impacts and how the project/programme addresses such impacts, e.g. more intense hurricanes, more frequent droughts or water shortages, increased sea level rise;
- Existing vulnerabilities to climate change in the area of project implementation;
- Historical climate change impacts in the target area;
- Methodologies for calculating emissions reductions;
- Baseline emissions trajectory;
- Evidence on how the project addresses gender equality and equity;
- Quantified information relating to the project/programme, e.g. number of citizens to benefit, co-benefits of project implementation, emissions reduced;
- Impact assessment to ensure the project meets the [Environmental and Social Standards \(ESS\)](#);
- A sound financial plan demonstrating that the project is financially sustainable.

It is important to highlight that SIDS and LDCs often have limited access to the scientific data that enhances a GCF proposal. However, the GCF is exploring ways to provide tailored technical support to capacity constrained countries to strengthen their country programme and concept notes. Having strong, scientific and quantified information (where applicable) demonstrates how the proposed activities will achieve the aims of the GCF and meet the GCF investment criteria. The evidence base also contributes to justification of the proposed activities in the proposal.

### CASE STUDY: Funding proposal F102: Mali solar rural electrification project

Basic information about the Project	
Location: Mali, Africa Type of project: Mitigation Beneficiaries (approx.): 248,558 and 821.8k tonnes of CO <sub>2</sub> avoided Accredited Entity: Banque Ouest Africaine de Développement (BOAD) Access Modality: Direct (Regional)	Financing: Public GCF Financing: Loan \$27.6 m and Grant \$1.9 m Co-Financing: BOAD, Loan \$ 9.4 m Total project investment: \$38.9m
Project Summary	
<p>Mali is a landlocked least developed country (LDC) in the Sahel belt of West Africa. Electricity access in rural areas covers only 19% and if this trend continues, it is very unlikely that a significant proportion of the low-income population living in isolated areas will be connected to the national electricity network in the next decade. The main objective of this project is to promote rural electrification through isolated solar PV systems as a low-carbon and resilience solution to the effects of climate change in the energy sector in Mali.</p> <p>The climate rationale for this project required a robust calculation of emissions associated with different technologies of electricity generation. In order to do so, the project used an existing methodology approved by the Clean Development Mechanism’s (CDM) Executive Board. The project proponents chose the AMS I.L. methodology as it allows for a comparison between a baseline scenario where communities use fossil electricity and a project scenario where communities (households) use small-scale renewable energy. The methodology required only few</p>	

data inputs (number of households and electricity used). To calculate associated emissions, the project used emission factors by the Intergovernmental Panel on Climate Change (IPCC). The ITAP qualified the methodology as suitable with robust and conservative means to estimate the mitigation impact for Mali’s solar rural electrification project, on the grounds that the methodology provides a solid means of quantifying the emission reduction outcome and has been approved by a constituted body under the United Nations Framework Convention on Climate Change (UNFCCC).

The project estimates that it will directly avoid GHG emissions amounting to about 41,089 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) per year, equivalent to 1.02723 MtCO<sub>2</sub>eq over 25 years that would have been emitted by the status quo fossil fuel system.

**Lessons learned: Use available scientific tools to construct an evidence-based project.**

- Undertake robust calculations to understand the baseline emissions scenario
- Include and specify methodologies and emissions factors for calculations
- When possible use internationally agreed and proven methodologies that facilitate assessment by the GCF
- Explain why the methodology was chosen
- Specify quantitative information on emissions avoided

Funding proposal F102 documentation available at: <https://www.greenclimate.fund/projects/fp102>

**CASE STUDY: Funding proposal F059: Climate-Resilient Water Sector in Grenada (G-CREWS)**

**Basic information about the Project**

Location: Grenada	Financing: Public
Type of project: Adaptation	GCF Financing: Grant \$40.1m
Beneficiaries (approx.): 107,317	Co-Financing:
Accredited Entity: GIZ	BMUB Grant \$2.8 m
Access Modality: International	GoG, NAWASA, GDB Grant \$4.8 m
	Total project investment: \$47.8m

**Project Summary**

This project uses scientific research and methodologies to provide evidence-based solutions. Component 1 of the project is water governance. The proposal presented evidence from several studies (e.g. NAP 2017, NASAP 2015, etc.) showing that the institutional structure in the water sector is deficient in tackling climate induced impacts and risks on the water sector. Evidence showed a lack of incentive for sustainable water management since the National Water and Sewerage Authority (NAWASA) is responsible for protection, quantity/quality control, while being the main water abstraction institution. The project proposed the establishment of a Water Resources Management Unit (WRMU) within a climate-proof legislative and institutional framework to manage water resources independently. On the supply-side, it will be responsible for defining rules for water allocation, integrating the impacts of climate variability and climate change. On the demand-side, it will be responsible for developing and implementing a new tariff structure for the NAWASA to sustainably finance and influence water demand subject to climate variability.

Component 2 addresses water demand management. The project presented scientific and technical evidence supporting the improvement of water usage efficiency through a determination of an optimal abstraction rate and ground water protection zones, as well as a monitoring system to ensure the sustainable operation of the wells using the cost-efficient



technology and economic instruments (in this case a tariff) to reduce exposure to climate-induced water shortages. This measure is based on various studies (e.g. DIWI (1996), Ministry of Finance (2001), Gassen (2013) and on technical assessments done by GIZ in 2013. For this component, estimations and valid data proved the project’s financial viability and set the priority for water uses (domestic, agriculture, commercial). Finally, a challenge fund will promote water efficiency (water-saving devices) in the agriculture and tourism sectors and promote community awareness and education, including for rainwater harvesting in the household sector.

Component 3 addresses the supply side. The project will upgrade the existing water infrastructure to make it climate-proof, including rainwater systems (with an emphasis on critical infrastructure like hospitals) as well as implement a climate resilient management plan for existing and new infrastructure. Additionally, it will increase NAWASA capabilities in water supply (storage, groundwater resources, rainwater harvesting) to provide the required potable water resources – increased storage, more in-built flexibility through interconnections of pipelines, and sustainable groundwater systems will enhance NAWASA’s availability to react on dry spells with less surface water availability, or more frequent heavy rainfall events with local impacts.

**Lessons learned: include scientific evidence**

- Include scientific studies highlighting climate risks and negative impacts
- Undertake economic analyses that show cost-effectiveness of proposed solutions

Funding proposal F059 documentation available at: <https://www.greenclimate.fund/projects/fp059>

## 2. Consistency with national priorities and existing policy frameworks

In addition to providing a strong evidence based, proposed interventions should be consistent with national priorities and existing policy frameworks. For example, describing how the proposal relates to and fits within the country’s Nationally Determined Contribution (NDC) and ensuring that the proposed activities contribute to the achievement of the country’s NDC makes a GCF proposal more attractive. This consistency does not only have to be with climate change related priorities or policy frameworks, but also includes economic growth, job creation, health policies, and other national strategies.

Proposals that demonstrate how the activities enhance or align with national strategic plans and objectives and existing policy frameworks tend to score higher in country ownership than the funding proposals that are not aligned in this manner. Explicitly identifying the links between the proposed interventions and policy frameworks in the narrative of the proposal, with the inclusion of supporting documents in annexes makes for a stronger GCF proposal that shows political buy-in. Proposals describing these characteristics are also likely to score higher in the category of country ownership, which is one of the GCF investment criteria.

Developing a country programme also enhances consistency with national priorities and strategies. The country programme promotes country ownership by taking into account national policies, national adaptation plans, NDCs and others and embedding the GCF project/programme in these existing strategies and priorities.

### 3. Stakeholder engagement

A good GCF project actively engages stakeholders at all levels and throughout the project from the generation of the project ideas to the implementation and monitoring. This fulfills the country ownership criteria and can also help ensure longevity of the project/programme. Multi-stakeholder engagement can also be a crucial factor for the success of a project. The National Designated Authority (NDA) should work closely with the Accredited Entity (AE) of the project from its inception and can play a facilitative role for the multi-stakeholder process by ensuring that the relevant stakeholders are aware of the proposal and have access to information as necessary throughout the process. Stakeholders, especially civil society, can contribute to the monitoring and evaluation of the project’s implementation and results.

To ensure a successful project, the GCF recommends an on-going consultative process with stakeholders with the aim of creating an enabling environment for the project/programme. With regard to country ownership and consistency with national priorities, multi-stakeholder engagement increases the chance of a higher score from the ITAP.

The GCF recommends the following for such engagement:<sup>iii</sup>

- An ongoing, consultative process that provides regular updates and assessment on progress;
- Involvement of a wide range of stakeholders, including academia, public and private sector, civil society and other relevant groups (indigenous peoples, community that could be affected by the project);
- Establishment of a regular dedicated country coordination mechanism for the country’s identification of its strategic framework in the context of the Fund;
- Integration of the project/programme into other national consultation processes or programming exercises that allow for synergies or exchange of complementary information;
- Coordinating cross-sectoral initiatives and engaging with other sources of funding.

#### CASE STUDY: Funding proposal F108: Transforming the Indus Basin with climate resilient agriculture and water management

Basic information about the project	
Location: Pakistan, region Asia-Pacific Type of project: Adaptation Beneficiaries (approx.): 17,300,000 Accredited Entity: Food and Agriculture Organization of the United Nations (FAO) Access Modality: International	Financing: Public GCF Financing: Grant \$35m Co-Financing: Punjab government, Grant \$8.0m Sindh government, Grant \$4.7m Total project investment: \$47.7m
Project Summary	
Agriculture in Pakistan is critical for the economy as 19.5% of its GDP is directly linked to the Agricultural sector and it provides over 90% of national food supply for a population of 197 million. Moreover, the sector employs 40% of the labour force and generates 75% of the export revenues. Pakistan’s vulnerability stems from its arid to semi-arid climate as well as its high dependency on a single river system, the Indus basin, along with snow and glacial meltwater for agricultural water supply. Modelling of climate change scenarios for Pakistan shows that if agriculture and water management in the Indus River Basin continue as “business-as-usual”, increasing temperatures	

and changes in precipitation will pose serious threats to the future livelihoods of farmers and to the Pakistani agricultural sector.

The project aims to transform agriculture in the Basin by increasing resilience among the most vulnerable farmers and strengthening the Government of Pakistan’s capacity to support communities in adaptation to climate change using state-of-the-art technology under an e-agriculture approach by providing real time data, remote sensing and a collaborative compilation/sharing repository about the distribution and use of resources in light of climate change. Furthermore, it has strong components to build farmers’ climate resilience through skills, knowledge and technology enhancement activities on agriculture and water management through better monitoring, analysis, and dissemination of information.

The ITAP assessment emphasised that this project effectively aligns with national priorities and existing policy frameworks, and engaged with stakeholders. The project was designed in coherence with the development vision for Pakistan, included in the 2011 Pakistan Framework for Economic Growth, which is the main policy framework for the country. Project preparation involved key government agencies and stakeholders to enhance the project’s contribution to the country’s National Climate Change Policy (NCCP). The Project directly addresses 9 objectives of the NCCP that range from water conservation to enhanced crop productivity, and has a strong capacity building component. The proposal also addresses key priorities in Pakistan’s NDC: 1) behavioural changes in consumption patterns, 2) application of scientific and technological knowledge in adaptation at the national, provincial and sectoral levels, 3) integration of climate change concerns in economic planning and decision-making; 4) building up necessary institutions at all levels, and 5) development of low carbon emission scenarios with all possible options for implementation.

The Project involved the NDA from inception and also involved civil society organizations through a participatory process that also considered gender sensitivity. National experts are expected to develop training materials for capacity building through interactive dialogues. Furthermore, beyond the federal government and the NDA, the provincial governments of Punjab and Sindh have both shown a strong sense of ownership of the project according to the ITAP assessment. This has been manifested through their commitment of co-financing resources of USD 8.0 million and USD 4.7 million respectively and the appointment of direct staff to function as provincial Project Directors in coordination with national level authorities.

**Lessons learned: Embed project into national policy frameworks through stakeholder involvement.**

- Engage NDA from project inception
- Align project with national priorities, strategies and/or frameworks
- Involve national and local stakeholders in planning and development of the project and in implementation and monitoring and evaluation
- Identify areas for capacity building at various levels (national, institutional and local)

Funding proposal F108 documentation available at: <https://www.greenclimate.fund/projects/fp108>

## 4. Contribution to sustainable development and Social and Environmental Safeguards

Clear linkages to sustainable development and the Sustainable Development Goals (SDGs) prioritized by the country makes for a more attractive GCF proposal. This is crucial as sustainable development potential is one of the GCF investment criteria against which the Secretariat and ITAP assess proposals.

Proposed interventions should explicitly promote or advance the achievement of specific SDGs and this should be backed by solid evidence. The GCF project/programme is even more effective if it includes quantified information on its contribution to sustainable development, e.g. number of jobs created, number of benefits for women, percentage increase in renewable energy, water and health co-benefits, improved access to education, and others.<sup>iv</sup> Projects/proposals must also consider environmental and social safeguards to ensure that the activities do not cause harm to local communities or the environment. Proposals should include an environmental and social management plan to manage and mitigate identified social and environmental risks and impacts associated with the planned activities in accordance with the GCF's [Environmental and Social Safeguards standards and the Environmental and Social Policy](#).

### CASE STUDY: Funding proposal F090: Tonga Renewable Energy Project under the Pacific Islands

Basic information about the project	
Location: Tonga, region Asia-Pacific / SIDS	Financing: Public
Type of project: Mitigation	GCF Financing: Grant \$29.9 m
Beneficiaries (approx.): 96,000 and 340.4 tons of CO <sub>2</sub> avoided	Co-Financing:
Accredited Entity: Asian Development Bank	Tonga Power Limited Grant USD 3.0 m
Access Modality: International	Government of Australia Grant USD 2.5 m
	Asian Development Bank Grant USD 12.2 m
	Government of Tonga USD 5.6
	Total project investment: \$53.2m
Project Summary	
<p>The Kingdom of Tonga (Tonga) consists of 177 islands and is 748 km<sup>2</sup>. However, almost three-quarters of its population (103,000 approx.) live on the main island of Tongatapu. Tonga is catalogued as the second most climate vulnerable country in the world and is extremely remote. Although, the country has a large potential for renewable energy, notably from solar, wind and biomass, until recently, the country depended almost entirely (90%) on imported diesel to generate its electricity.</p> <p>This project aims to help Tonga to shift from its current energy pathway using clean and renewable energy resources, and will deliver utility-scale storage systems to provide base load response and grid stability, paving the way for more renewable energy integration on the main island, while green mini-grids will be installed in the outer islands. This will increase the renewable energy penetration to the national electricity generation mix. This project scored High in the six investment criteria by the ITAP, while the Secretariat gave it a score of High and Medium to High.</p> <p>The sustainable development potential and the paradigm shift of this Project intervention is evident. In the absence of this Project, electricity generation in Tonga would be dominated by</p>	

diesel fuel with its high GHG emissions and contribution to global warming. The project is expected to result in a range of economic, social and environmental benefits to the country.

**Environmental benefits:** Reduction in local air pollution and noise; reduction in the use of diesel will lower risk of fuel spills and land/water contamination; less damage from the misuse of batteries; introduction of systematic use of environmental safeguard policies, and; encourage and empower local businesses and community groups to mainstream environment standards to local development plans.

**Economic benefits:** The Tongan economy and electricity consumers have been exposed to high and volatile electricity prices over the years linked to international crude oil prices. Reducing this impact through diversification and moving away from imported resources (oil products) will deliver the paradigm shift for Tonga and increase its national energy security. The project will also apply pressure on tariffs that will support business activity, thereby increasing income for households and small local businesses. Moreover, reduced expenditure on fuel imports will benefit the national budget. The project will deliver infrastructure that enables a transformation of the country's electric utility Tonga Power Limited (TPL). This project will also create entrepreneurial opportunities related to renewable energy for local people. Finally, improved and clean energy supply notably benefits the tourism sector, which the country's economy heavily relies on.

**Social benefits:** This project has a series of social benefits that will increase the living standards of the Tongans. For example, it will increase electricity access in outer islands and improved reliability of power supply on some grids will improve household incomes and reduce its expenditure on energy. Additionally, TREP will make extensive efforts to involve women in project activities and so ensure gender mainstreaming into energy development plans. For instance, under the ongoing OIREP, TPL has successfully trained 8 women out of 15 trained workers.

#### Lessons learned: Link project activities to sustainable development benefits.

- Explicitly identify links between project activities and sustainable development benefits
- Where possible, quantify benefits - economic, social and environmental, e.g. number of households with improved access to clean energy
- Focus on priority SDGs for your country

Funding proposal F090 documentation available at: <https://www.greenclimate.fund/projects/fp090>

## 5. A sound financial plan

GCF proposals need to demonstrate the financial sustainability of the project/programme. Project proponents must therefore include a sound financial plan to give the GCF Secretariat and ITAP confidence that the project will achieve its outcomes. This financial plan should detail an overview of costs for the project in a budget, broken down by component/activities and financial instruments to be requested from the GCF and employed, e.g. grants, loans, concessions. Developing the budget requires financial analysis or an integrated financial model, which is further described below.<sup>v</sup> For adaptation projects, it is beneficial to show how GCF funding might be leveraged to receive further funding for the activities or replicate the activities.

In addition, a financial model should be annexed to the project proposal. This model is meant to provide information on return on investment, market price, and funding instruments, among other finance-related topics. In the case of loans, a description of the financial markets within the recipient country should also be included. Financial institutions involved and alternative financing instruments are also relevant here. Justification of the need for GCF funding and an explanation of why the financial model is the most efficient and effective is beneficial for fulfilling this element. The development of the financial plan takes time and resources throughout the proposal and is subject to internal negotiations and feedback from the GCF Secretariat.

**CASE STUDY: Funding Proposal F094: Ensuring climate resilient water supplies in the Comoros Islands**

Basic information about the Project	
Location: Comoros, Africa /SIDS and LDC Type of project: Adaptation Beneficiaries (approx.): 70,798 Accredited Entity: GIZ Access Modality: International	Financing: Public GCF Financing: Grant \$41.9m Co-Financing: UNDP Grant \$2.8 m Government of Comoros, Grant \$3.8m, Other \$12.7m, China Geo-Engineering Corp, Other \$1.9m, Arab Fund, Grant \$293.4k Total project investment: \$60.8m
Project Summary	
<p>Comoros is an archipelago of three main islands that has a land area of only 2,612 km<sup>2</sup> and no land further than 7 km from the coast. The country is highly vulnerable to climate effects such as cyclones, erosion, flash floods and droughts. The project will improve integrated water resource management in 32 watersheds with enhanced water monitoring and management. It will also build capacity for water planning, inform a water tariff system to ensure sustainability, build important infrastructure to increase the resilience of water supply facilities so they can operate year-round during both the wet and dry seasons, and build infrastructure to protect people from floods and droughts.</p> <p>This project is one of the few funding proposals that scored high in “effectiveness” criteria while scoring high or medium to high in the other five GCF investment criteria. This project presented a suitable economic and financial analysis and proved to be cost effective and financially sound. A grant was deemed as the most suitable form of GCF financing for two reasons: (i) Government of Comoros’ ability to service a GCF loan from budget or capital market sources is severely constrained and (ii) a nationwide water tariff scheme is not yet in place and when there is one in place because of this project’s tariffs affordable to Comorian water users are unlikely to allow full capital expenditure and operating expenditure recovery.</p> <p>The project also included a financial structure with the necessary elements such as the funding amount, financial instrument, tenor and term. An economic analysis shows the project is cost effective, resulting from reduced incidence of gastro-intestinal disease and willingness-to-pay (WTP) for additional water supply. The model assumes a 20 percent reduction in the cases of gastro-intestinal disease and a WTP of USD 5.48 per cubic metre, although only 25 per cent of the WTP benefits are counted in the benefits to avoid double counting.</p> <p>The project also presented other financial indicators to show financial viability. The economic analysis of the project was carried out in accordance with the Guidelines for the Economic Analysis</p>	

of Projects of United Nations Development Program. The economic efficiency of the investment was determined by computing the economic net present value (NPV) with an assumed 10% discount rate, and the economic internal rate of return (EIRR). Economic values (costs and benefits) were all measured in real terms of 2017. The resulting economic rate of return is 13.2 per cent (for each dollar invested Comoros will receive benefits in an extra 13%) and the net present value of the project will be USD 9.8 million. According to the ITAP assessment, this result is robust as it considers worst-case scenarios, e.g. a 20 per cent increase in total cost.

The project provided in a clear and detailed manner the amount of co-financing and the ratio of co-financing. The GCF grant would cover 69 per cent of total project costs. Co-financing from the government of Comoros would include USD 11.4 million in capital expenditure (CAPEX), USD 1.1 million in replacement CAPEX and USD 10.9 million in operation and maintenance over a 25-year period – a total funding contribution to the hard components of the project of USD 23.4 million. If only the 8 years of project lifespan are considered, the government of Comoros would be providing USD 14.6 million. The Arab Fund for Economic and Social Development and the China Geo-Engineering Corporation would provide additional grant and in-kind co-financing for the amounts of USD 293,363 and USD 1.9 million, respectively, also for CAPEX funding.

The project also presented the application of best practices among all its interventions such as the combination of water supply side and water demand side improvements, capacity-building in water resources management, technical training in climate change adaptation and hydro-meteorology, watershed adaptation measures, and the creation of an enabling environment in the water sector through the integration of climate change risk reduction into the new Water Code.

**Lessons learned: Financial plans require detailed analyses and projections include a sound financial plan**

- Include a sound financial plan based on economic and financial analyses, which includes quantified information on financial projections, like expected capital and operating costs, financing costs, revenue projections, and calculation of rates of return over the life of the project
- Use methodologies such as willingness-to-pay (WTP), to prove financial adequacy and appropriateness of concessionality
- Use financial indicators to show financial viability, e.g. rate of return, discount rates
- Specify co-financing or how finance will be leveraged

Funding proposal F094 documentation available at: <https://www.greenclimate.fund/projects/fp094>

## 6. Theory of Change and risks and barriers to implementation

When applying for GCF funding, project proponents should discuss the project’s theory of change. The theory of change describes a long-term vision for the project and the necessary intermediary steps that will lead to specific outcomes and objectives.<sup>vi</sup> Such an explanation requires project proponents to have an end goal(s) and a thoughtful plan to achieve that goal, as well as a monitoring and evaluation plan to assess against the specified objectives and outcomes. Building the theory of change thus requires an explanation of existing climate challenges, intended outputs, expected outcomes and an economic assessment, to the extent that it is feasible.<sup>vii</sup> This concept looks at all the factors that affect the project and the factors affected by the project in a positive way, leading to change that allows the project to address the result areas in the project in a manner that creates transformative change.

A recent [Climate Analytics briefing](#) details how to go about developing a theory of change and explains the purpose and usefulness of the theory of change. It serves multiple purposes, including to:

- Examine how change can happen in a given location
- Identify barriers and assumptions to the project in that context
- Connect diverse projects and programmes, and
- Highlight the assumptions that underlie a programme.

The briefing explains that developing the theory of change requires an enabling environment that can react to contextual changes and complexities, but it is an extremely useful reflective exercise that identifies a pathway for change and the necessary interventions.<sup>viii</sup>

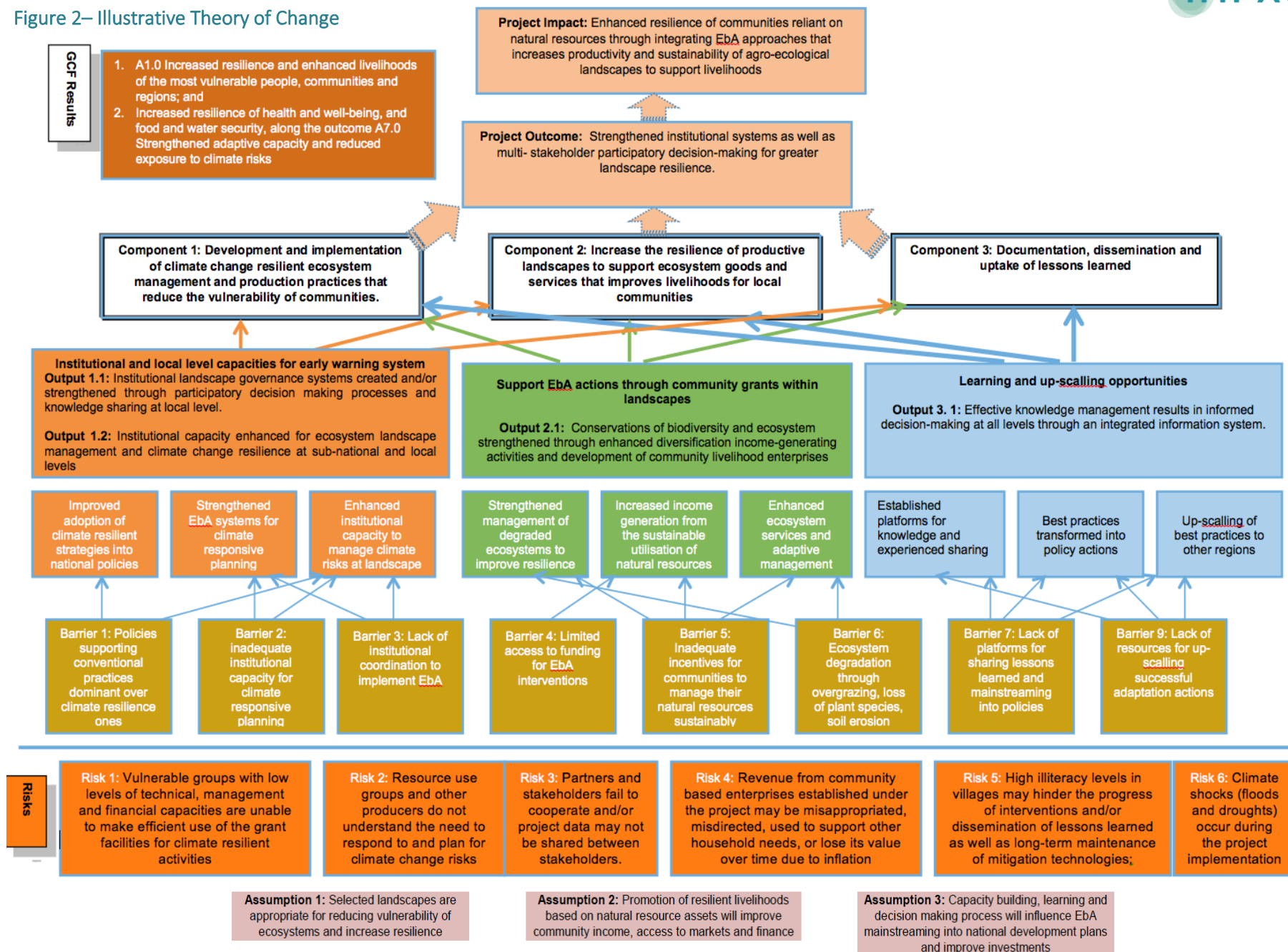
Including a diagram in this part of the GCF proposal can be a useful way of illustrating the theory of change. The diagram can logically show risks, barriers, actions to address the risks and barriers and the project's outputs and outcomes. There is no single way to construct a theory of change diagram but at a minimum it should clearly illustrate the ultimate outcome (the change we want to happen), the flow between outcomes/preconditions, how specific interventions support these outcomes, the key assumptions and the barriers that have been considered. Like all good diagrams, it should be clear and as simple as possible.<sup>ix</sup> Such outputs, i.e. the desired end result of the project, sometimes require detailed technical and economic analyses, which are strengthened by the theory of change. Additionally, the key assumptions made in the process should be stated.

A good GCF proposal also identifies risks and barriers to implementation and addresses how such risks/barriers will be addressed in the proposed interventions. The GCF funding proposal template includes a section on risk assessment and management and project proponents should address ways to mitigate anticipated risks. For example, it is helpful to identify general barriers to project implementation in the absence of GCF funding. Such barriers may be financial, technological and operational risks. Once these are identified, the proposal should then discuss how to mitigate against those risks.

Developing a theory of change helps to assess the attractiveness of economic returns and to analyze how the mitigation and adaptation objectives are fulfilled by the project. Additionally, the key assumptions made in the process of developing the theory of change should be stated. The following illustration shows the theory of change of project SAP 006 "Building resilience of communities living in landscapes threatened under climate change through an ecosystems-based adaptation approach" in Namibia and how the necessary elements are connected in a coherent manner from assumptions to the project impact and the GCF results.



Figure 2– Illustrative Theory of Change



Source: Funding Proposal SAP 006, available at: [https://www.greenclimate.fund/documents/20182/574760/Funding\\_Proposal\\_-\\_SAP006\\_-\\_EIF\\_-\\_Namibia.pdf/51697846-36e6-8331-4cf5-ffccb60c8697](https://www.greenclimate.fund/documents/20182/574760/Funding_Proposal_-_SAP006_-_EIF_-_Namibia.pdf/51697846-36e6-8331-4cf5-ffccb60c8697)

**CASE STUDY: Simplified Approval Process SAP006: Building resilience of communities living in landscapes threatened under climate change through an ecosystems-based adaptation approach**

<b>Basic information about the project</b>	
Location: Namibia, Africa Type of project: Adaptation Beneficiaries (approx.): 216,000 Accredited Entity: Ministry of Environment and Tourism of Namibia Access Modality: Direct National	Financing: Public GCF Financing: Grant \$8.9m Co-Financing: Ministry of Environment and Tourism, Grant \$160,000 Total project investment: \$9.1m
<b>Project Summary</b>	
<p>Namibia’s population depends on natural resources to sustain their livelihoods. The productivity of these natural resources is threatened by climate and non-climate drivers, both of which increase the vulnerability of rural communities. This project use Ecosystem-based Adaptation (EbA) as a cost effective and low risk approach to build climate resilience across eight targeted landscapes in Namibia. Activities undertaken as part of the project will maintain and enhance ecosystem integrity which provides the population with food and income. In addition, the project will improve adaptive capacities at the community level for communities to sustainably manage natural resources.</p> <p>According to the Secretariat’s assessment, this project has a clear theory of change regarding scaling up the scope and impact of the intended project and replicating the proposed activities in other sectors, institutions, geographical areas or regions, communities or countries. The project has three components, which seek to enhance the capacities of rural communities reliant on ecosystem goods and services through developing landscape strategies and coordination mechanisms that are community led.</p> <p>These components are construed through several interdependent outputs and outcomes, which are combined to deliver a paradigm shift overcoming identified barriers and delivering adaptation co-benefits through crosscutting outputs, although it also has some resonant mitigation co-benefits. Among the identified barriers are the lack of information, skills and inclusive institutions as well as limited coordination and institutional capacity. These issues are addressed by the project through capacity-building, technical assistance and budget allocations to develop EbA activities.</p> <p>The information and knowledge generated by the project will provide an improved evidence base to support further investment in, and promotion of, EbA as part of Namibia’s response to climate change. The up scaling of EbA by other initiatives will be supported through the integration of EbA and related approaches into various sectoral and cross-sectoral strategies and plans – including the Namibia Agricultural Policy (2015).</p>	
<b>Lessons learned: Theory of Change requires long term project vision</b>	
<ul style="list-style-type: none"> <li>- Clearly explain how project activities will help to overcome identified barriers</li> <li>- Explain a long-term vision for the project/to which the project will contribute</li> <li>- Make a case for scalability and replicability of project activities</li> <li>- Clearly identify outputs and outcomes with clear logic</li> <li>- Identify key assumptions and linkages between outputs and outcomes</li> </ul>	

Simplified Approval Process SAP006 documentation available at:

<https://www.greenclimate.fund/projects/sap006>

## 7. Gender Integration

Gender integration is a structural component of a GCF project and is key to accessing the Fund. As per the [GCF's Gender policy](#), all project proposals should: include qualitative and quantitative gender indicators; be aligned with the national policies and priorities on gender; and include equitable opportunities for women in stakeholder consultations and decision-making processes throughout the entire project cycle.

Additionally, it is highly recommended that project proponents include in their proposal a Gender Action Plan (GAP), which provides an overview of how gender equality will be promoted within the project.<sup>x</sup> A good GCF proposal will promote and support gender equality in all aspects. This is important to advance gender equality, minimize social, gender-related and climate-related risks and contribute to reducing the gender gap of climate change exacerbated social, economic and environmental vulnerabilities and exclusions through proposed climate change actions. Examples of how to demonstrate compliance with the GCF gender policy include increased number of jobs for women, reduction in women's vulnerability to the impacts of climate change and the like.

### CASE STUDY: Funding proposal F069: Enhancing adaptive capacities of coastal communities, especially women, to cope with climate change induced salinity

Basic information about the project	
Location: Bangladesh, region Asia-Pacific / LDC	Financing: Public
Type of project: Adaptation	GCF Financing: Grant \$25m
Beneficiaries (approx.): 719,229	Co-Financing:
Accredited Entity: United Nations Development Programme (UNDP)	Government of Bangladesh Grant \$7.0 m
Access Modality: International	Government of Bangladesh (in-kind) Grant \$1.0 m
	Total project investment: \$33m
Project Summary	
<p>The coastal belt of Bangladesh is vulnerable to cyclones, storm surges, and sea-level rise, which are becoming more intense. Increased occurrence of these hazards accelerates saltwater intrusion into the fresh water resources along Bangladesh's coastline. The project aims to strengthen adaptive capacities to reduce the adverse impacts for agricultural livelihoods that are freshwater dependent, and to address the availability and quality of drinking water in vulnerable coastal communities. Through a community-based approach to planning and managing climate-resilient water supply, the project targets the highly vulnerable, specifically women and girls.</p> <p>The proposal contains a comprehensive gender assessment and complies with the operational guidelines of the GCF gender policy and action Plan. The proposal explicitly addresses gender integration in one component of the project: Climate-resilient livelihoods, focusing on women, for enhanced adaptive capacities of coastal agricultural communities (with an estimated of 74% of the project's budget). This component aims to increase the resilience of women and girls to climate change induced salinization by offering them wider livelihood opportunities. It will provide assets and tools, build skills and form women's livelihoods groups.</p> <p>The detailed project-level gender action plan, which includes gender-sensitive actions that will be implemented as part of the project, as well as gender performance indicators and sex-disaggregated targets, institutions responsible for implementing the actions, and budget allocations against each action line. In addition, the logic framework in the funding</p>	

proposal reflects some of the gender-informed performance indicators and sex-disaggregated targets outlined in the project-level gender action plan.

Several stakeholder engagement activities were undertaken during the preparation phase of the project with a variety of national and community-level stakeholders. Activities undertaken include field consultations with women and girls and focused group discussions, which helped to identify the climate change adaptation priorities of women in coastal communities.

The project has the potential to promote gender equality through activities that will increase the participation of women in economic activities and resource management capacities. This project also brings additional gender benefits through the formation of water management groups led by women.

#### **Lessons Learned: Using an integral gender approach in a GCF Project**

- Address gender integration in project proposal with concrete actions
- Engage with female stakeholders throughout development
- Identify areas/activities that increase participation of women and girls/address their vulnerabilities
- Include a Gender Action Plan

Funding proposal F069 documentation available at:

<https://www.greenclimate.fund/projects/fp069>

## Conclusion

Developing strong GCF concepts and proposals requires time and engagement with a number of stakeholders. While not an exhaustive list, the elements in this briefing provide a guide for project proponents from SIDS and LDCs to consider when applying for GCF funding. Based on previous ITAP and GCF Secretariat’s assessments, the briefing highlights that addressing these elements can increase the chances of higher scores by the ITAP and GCF Secretariat. A strong evidence base, consistency with national priorities, stakeholder engagement, consideration of interlinkages between the proposed activities and the SDGs, a theory of change and gender integration, should all be addressed or included in the proposal within the specific context. Including these elements requires research and engagement with various government and non-government entities and coordination among those involved.

## Resources

<sup>i</sup> GCF Investment Criteria Indicators. Available at:

[https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_05\\_-\\_Investment\\_criteria\\_indicators.pdf/3bd307ff-d213-266a-de74-bbb28cda2bc0](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_05_-_Investment_criteria_indicators.pdf/3bd307ff-d213-266a-de74-bbb28cda2bc0)

<sup>ii</sup> Fayolle, V. and Odianose, S. (2017) Green Climate Fund Proposal toolkit 2017. London: Acclimatise and Climate and Development Knowledge Network. Available here:

<https://cdkn.org/wp-content/uploads/2017/06/GCF-project-development-manual.pdf>

<sup>iii</sup> Decisions of the Board – Eighth Meeting of the Board, 14-17 October, 2014, Annex XIV: Initial best-practice options for country coordination and multi-stakeholder engagement, Green Climate Fund. Available here:

[https://www.greenclimate.fund/documents/20182/466886/Best\\_Practices\\_for\\_Country\\_Coordination\\_and\\_Multi-Stakeholder\\_Engagement.pdf](https://www.greenclimate.fund/documents/20182/466886/Best_Practices_for_Country_Coordination_and_Multi-Stakeholder_Engagement.pdf)

<sup>iv</sup> Fayolle V., Odianose S. and Soanes M. (2017), GCF Project Toolkit 2017. Guide to develop a Project proposal for the Green Climate Fund (GCF). Acclimatise, London. January 2017.

Available here:

[https://reliefweb.int/sites/reliefweb.int/files/resources/GCF%20project%20Toolkit\\_20.01.2017\\_For%20Publication.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/GCF%20project%20Toolkit_20.01.2017_For%20Publication.pdf)

<sup>v</sup> Fayolle, V. and Odianose, S. (2017) Green Climate Fund Proposal toolkit 2017. London: Acclimatise and Climate and Development Knowledge Network. Available here:

<https://cdkn.org/wp-content/uploads/2017/06/GCF-project-development-manual.pdf>

<sup>vi</sup> Fayolle, V. and Odianose, S. (2017) Green Climate Fund Proposal toolkit 2017. London: Acclimatise and Climate and Development Knowledge Network. Available here:

<https://cdkn.org/wp-content/uploads/2017/06/GCF-project-development-manual.pdf>

GCF project portfolio for different funding proposal documentation, available here:

<https://www.greenclimate.fund/what-we-do/projects-programmes>

<sup>vii</sup> Training Manual - Introduction to tools/ techniques required for developing Green Climate Fund proposal (2017). PwC. Available here:

<https://www.gcfreadinessprogramme.org/sites/default/files/Training%20Manual%20on%20GCF%20Proposal%20Development.pdf>

<sup>viii</sup> Pringle, Patrick. Thomas, Adelle (2019). Climate Adaptation and Theory of Change: Making it work for you. A Practical Guide for Small Island Developing States. Available here:

[https://climateanalytics.org/media/theory\\_of\\_change\\_briefing\\_note.pdf](https://climateanalytics.org/media/theory_of_change_briefing_note.pdf)

<sup>ix</sup> Pringle, Patrick. Thomas, Adelle (2019). Climate Adaptation and Theory of Change: Making it work for you. A Practical Guide for Small Island Developing States. Available here:

[https://climateanalytics.org/media/theory\\_of\\_change\\_briefing\\_note.pdf](https://climateanalytics.org/media/theory_of_change_briefing_note.pdf)

<sup>x</sup> Fayolle V., Odianose S. and Soanes M. (2017), GCF Project Toolkit 2017. Guide to develop a Project proposal for the Green Climate Fund (GCF). Acclimatise, London. January 2017.

Available here:

[https://reliefweb.int/sites/reliefweb.int/files/resources/GCF%20project%20Toolkit\\_20.01.2017\\_For%20Publication.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/GCF%20project%20Toolkit_20.01.2017_For%20Publication.pdf)