



## **Financial Climate Change Options**

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# Developing project ideas and proposals to attract Climate Funding

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## **1. Introduction**

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# 1. Introduction

- ✓ Climate Change is the new international trend in international development
- ✓ Climate Change – if not already – is predicted to surpass development assistance funding to developing countries.
- ✓ Main funding sources are:
  - Local and National regular funding
  - National specialized funding sources, programs etc
  - Regional and bilateral funding
  - International climate funding
- ✓ Need to view traditional projects and objectives through a climate lens (climate-proofing, climate-informed decision making)

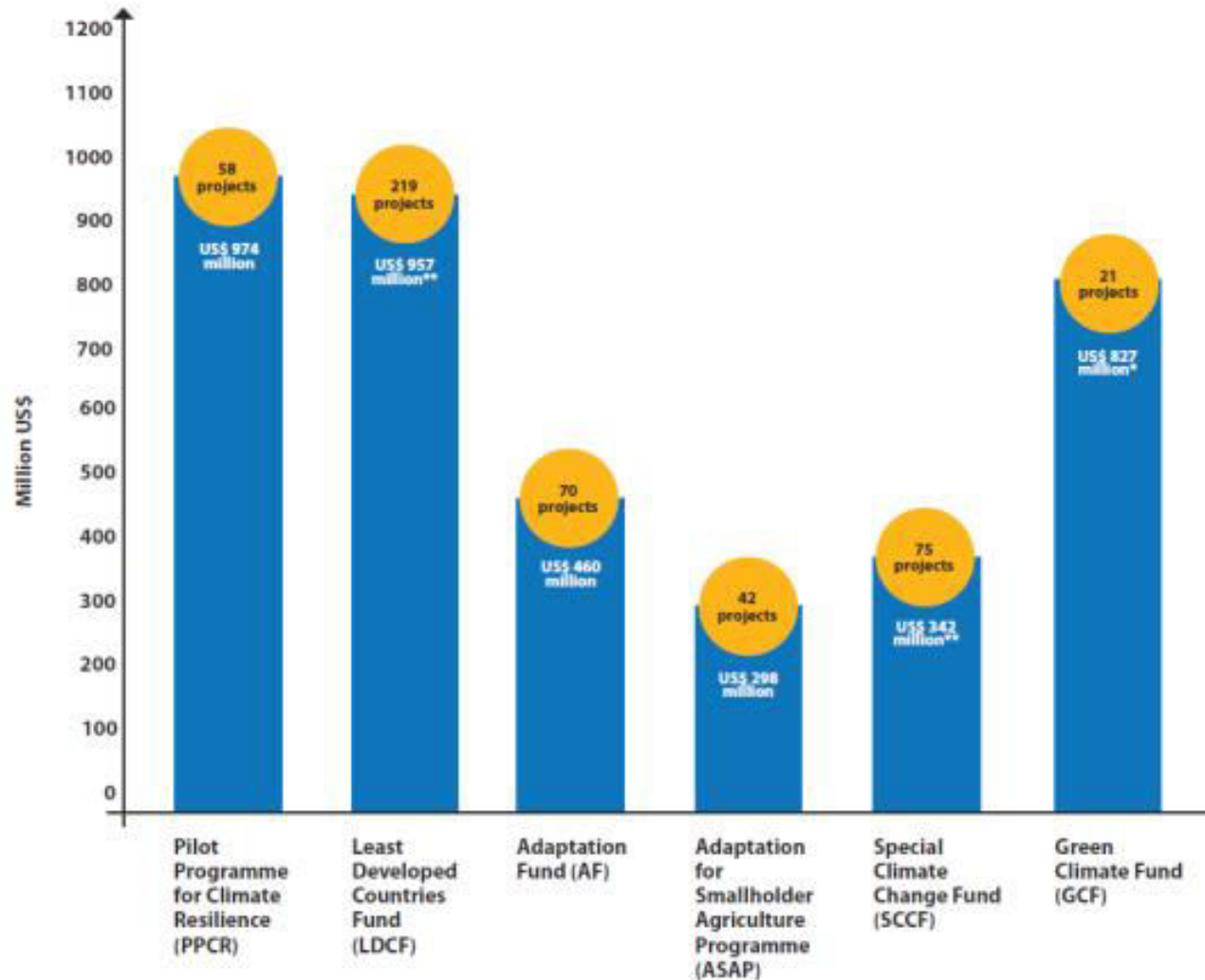
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# Global Climate Funds

## Multilateral climate funds Focused on Adaptation



Key:

● Approved/Committed Funding as of February 2018

● Number of Projects

# 1. The Green Climate Fund (GCF)

- GCF launched its initial resource mobilization in 2014, and rapidly gathered pledges worth USD 10.3 billion.
- Disburse up to USD 100 billion per year by 2020 (Heads of state at the G7 Summit in June 2015).
- 53 Projects.
- 3 urban projects (UNDP and AFD).
- 159 m Beneficiaries (anticipated number of people with increased resilience)
- 1b Tonnes of CO<sub>2</sub> (anticipated tonnes of CO<sub>2</sub> equivalent avoided)



# 1. The Green Climate Fund (GCF)

- ✓ Operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (**UNFCCC**), established at the 16th Conference of the Parties in 2010
- ✓ At COP 21 held in Paris, by decision 1/CP.21, paragraph 58, the COP decided that the GCF shall serve the **Paris Agreement**.
- ✓ Songdo, Republic of Korea has **110 staff members** (2017), at its headquarters, in addition there are a number of consultants who support the staff.
- ✓ **Objective** is to promote the **paradigm shift** towards low-emission and climate-resilient development pathways.



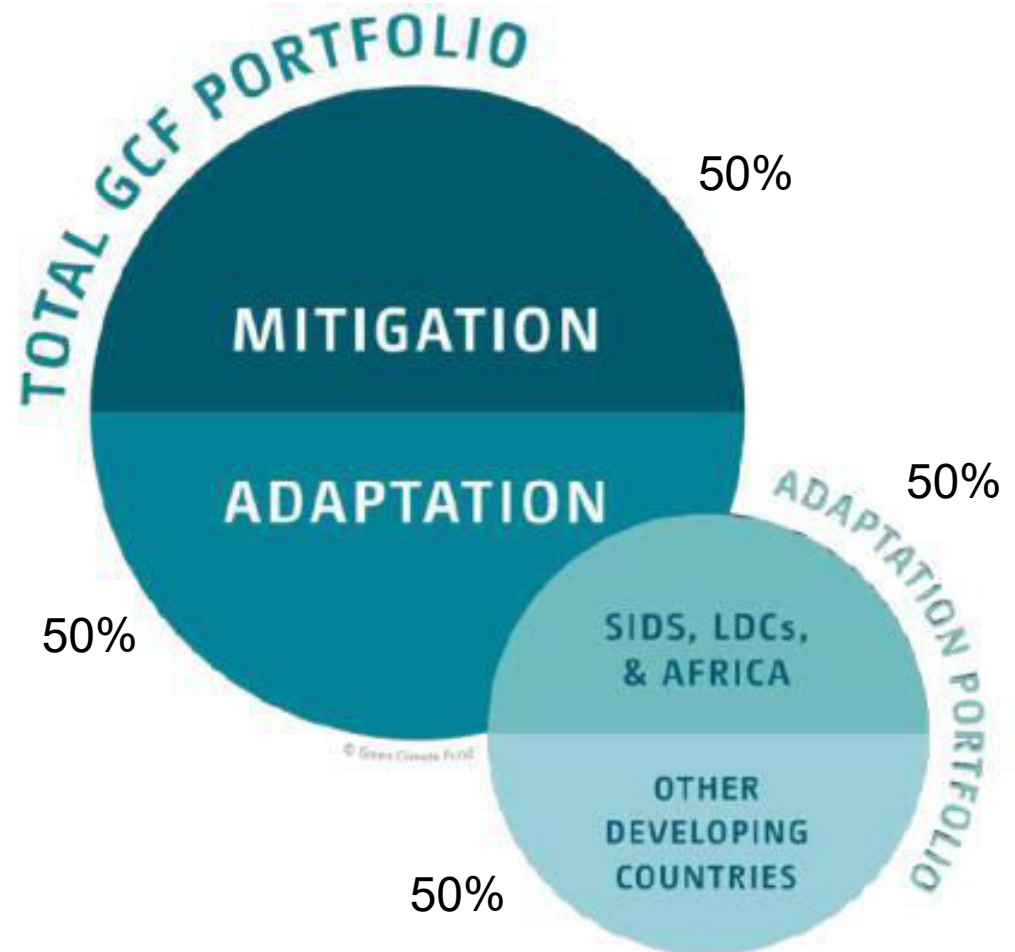
# 1. Allocation Framework

GCF is its funding aims at:

- Geographic balance
- Significant allocation to Private Sector Facility
- Sufficient resources for readiness activities

GCF has 8 priority areas:

- 4 Adaptation
- 4 Mitigation



# 1. GCF's focus on urban development - Mitigation

Public and/or private sector projects/programmes that have one or more impacts in these areas



## Investment Priorities

- Climate-compatible cities
- Sustainable low-emission climate-resilient agriculture
- Scaling up finance for forests and climate change
- Enhancing resilience in small island developing States (SIDS)
- Transforming energy generation and access

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## 2. Developing Project ideas and proposals for the GCF

- GCF is not a traditional “Development Donor”, funding concrete, large scale Projects and Programmes addressing Climate Change both Mitigation (concrete GHG reduction) and Adaptation.
- GCF promote more innovative engagement of both the public and private sectors, to deliver significant results in climate change mitigation and adaptation, or both (GCF calls cross-cutting).
- Projects and programmes demonstrate the maximum potential for a paradigm shift towards low-carbon and climate-resilient sustainable development

## 2. Developing Project ideas and proposals for the GCF

### Mitigation

<i>Fund-level Impacts</i>			
	<input checked="" type="checkbox"/> <b>Tonnes of carbon dioxide equivalent (t CO<sub>2</sub>eq) reduced as a result of Fund-funded projects/programmes</b>	Implementing entities (IEs)/intermediaries	Aggregate summation of sector-specific t CO <sub>2</sub> eq reduction indicators. Intended to be estimated ex-ante and reported annually and ex-post.  Methodologies tailored to each sector – see specifics below and in Annex V.

### Adaptation

<i>Fund-level Impacts</i>			
	<input checked="" type="checkbox"/> <b>* Total Number of direct and indirect beneficiaries; Number of beneficiaries relative to total population</b>	IEs/intermediaries	The indicator measures the number of people who have received an input of support, where two dimensions of support are considered: targeted and intensity level. Based on these two dimensions, a direct and indirect category of beneficiaries is identified. See Annex V for the methodology.  Disaggregated by gender.  <i>Informed by Adaptation Fund (core-1); CIF PPCRA1.3.</i>

## 2. Developing Project ideas and proposals for the GCF



- Regarding ‘urban’ projects, the GCF mentions specifically:
- **Energy efficiency in buildings and industries** has high abatement potential in cities, but has not yet been effectively addressed by other major climate finance institutions.
- There is also a strong potential for approaches that combine several results areas and deliver social and economic co-benefits – for example, in the **creation of landfill sites using landfill gas for energy and heat generation**, reducing methane emissions from waste and the environmental and social impact from unregulated dumps.



## 2. Developing Project ideas and proposals for the GCF

- GCF has a **two stage** proposal development process, (1) concept stage and (2) Full Proposal Stage, the concept note is voluntary (but highly recommended).
- AE's may (*and should*) submit a concept note for feedback and recommendations from the GCF. The recommendation will clarify whether the concept is endorsed, not endorsed with a possibility of resubmission, or rejected, this is an '**informal TAP review**'.

# 2. Developing Project ideas and proposals for the GCF



## Concept Note

The Green Climate Fund (GCF) is seeking high-quality projects or programmes.

The Accredited Entity is encouraged to submit a concept note, in consultation with the National Designated Authority, to present a project or programme idea and receive early feedback and recommendation.

Project/Programme Title: \_\_\_\_\_

Country(ies): \_\_\_\_\_

National Designated Authority(ies) (NDA): \_\_\_\_\_


Accredited Entity(ies) (AE): \_\_\_\_\_

Date of first submission/  
version number: YYYY-MM-DD/V.B

Date of current submission/  
version number: YYYY-MM-DD/V.B

Please submit the completed form to [fundingproposal@gcfund.org](mailto:fundingproposal@gcfund.org)  
Please use the following naming convention in the subject line and the file name:  
[Accredited Entity or Country] [proposal]

PROPOSAL | 2017



## Funding Proposal

Version 1.1

The Green Climate Fund (GCF) is seeking high-quality funding proposals.

Accredited entities are expected to develop their funding proposals, in close consultation with the relevant national designated authority, with due consideration of the GCF's Investment Framework and Results Management Framework. The funding proposals should demonstrate how the proposed projects or programmes will perform against the investment criteria and achieve part or all of the strategic impact results.

Project/Programme Title: \_\_\_\_\_

Country/Region: \_\_\_\_\_

Accredited Entity: \_\_\_\_\_

Date of Submission: \_\_\_\_\_

PROPOSAL | 2015

# Choosing EA's and indicators

- When developing your concept or project idea, carefully think about the Indicative assessment factors and GCF Indicators (we would call them expected accomplishments or similar).
- Closely align project with GCF Investment Framework.
- The Technical Advisory Panel will assess your project against those Indicators, and will base the TAP recommendation to the Board on these assessments
- Importance of Concept note stage, as the recommendations received stem from the TAP (and mirror the formal TAP review) at a later stage.

# The Fund's Six High-level Investment Criteria



# Impact potential criterion

**Mitigation: Expected tonnes of CO<sub>2</sub> eq reduced or avoided**

**Adaptation: Expected total number of beneficiaries**

## Urban Indicative Assessment Factors

- Number of MW of low-emission **energy** capacity installed, HH access
- Decrease in e-intensity of **buildings, cities, industries and appliances,**
- Increase in the use of low-carbon **transport**
- **Avoidance of lock-in** of long-lived, high emission infrastructure (M + A)
- Strengthening of **institutional** and **regulatory systems** for climate-responsive planning and development
- Strengthening of **adaptive capacity** and reduced exposure to climate risks

→ This requires detailed modeling of interventions (familiarize yourself with relevant tools and software)

# Paradigm shift potential criterion

- A theory of change for **scaling up the scope and impact** of the intended project/programme **without** equally **increasing** the **total costs** of implementation
- Existence of a monitoring and evaluation plan and a plan for **sharing lessons learned** so that they can be incorporated within other projects
- Arrangements that provide for **long-term** and **financially sustainable continuation** of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention
- Extent to which the project/programme **creates new markets** and **business** activities at the **local, national** or **international levels**

# Sustainable development potential criterion

- Degree to which the project or programme promotes **positive environmental** externalities such as air quality, soil quality, conservation, biodiversity, etc.
- Potential for externalities in the form of expected **improvements**, for women and men as relevant, in areas such as **health** and **safety**, access to education, improved regulation and/or cultural preservation
- Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, **job creation** and **poverty alleviation** for women and men, increased and/or expanded involvement of local industries;
- Explanation of how the project activities will address the needs of women and men in order **to correct** prevailing **inequalities in climate change vulnerability and risks**

# Needs of the recipient criterion

- Intensity of **exposure** to climate risks and the degree of **vulnerability**, including exposure to slow onset events
  - Proposed project/programme supports **groups** that are identified as particularly **vulnerable** in **national climate** or **development strategies**, with relevant **sex disaggregation**
  - **Level of social and economic development** (including income level) of the **country** and **target population** (e.g. minorities, disabled, elderly, children, female heads of households, indigenous peoples, etc.)
- Detailed Risk & Vulnerability Assessments, local consultations, similarities with current approved Adaptation Fund projects and proposals



# Country ownership criterion

- Programme or **project contributes** to country's priorities for **low-emission and climate-resilient development** as identified in national climate strategies or plans, i.e. NDCs, NAMAs, NAPs or equivalent, and demonstrates alignment with technology needs assessments (TNAs), as appropriate
- Proponent demonstrates a consistent **track record** and **relevant experience** and **expertise** in similar or relevant circumstances as described in the proposed project/programme (e.g. Local sector, type of intervention, technology, etc.)

→ Close alignment with national priorities, established relationship with national partners, and evidence of track record. Countries with presence may be preferred

# Efficiency and effectiveness criterion

- Proposed **financial structure** (funding amount, financial instrument, tenor and term) is adequate and reasonable in order **to achieve the proposal's objectives**, including addressing existing bottlenecks and/or barriers
- **Demonstration** that the proposed financial structure provides the least concessionality needed to make the proposal viable
- Demonstration that the Fund's support for the programme/project will not crowd out private and other public investment
- Estimated **cost per t CO<sub>2</sub> eq emission reductions**, and relative to comparable opportunities --- Inventory

# Co-funding

- GCF requires co-funding in all its projects, and orients itself towards financial sector standards

	DEBT (%)	EQUITY (%)
Low Risk Project	85-90	10-15
Medium Risk Project	75-85	15-25
High Risk Project	60-75	25-40

(SOURCE: FIELDSTONE PRIVATE CAPITAL GROUP LIMITED 2000)

- The co-financing requirement might be stricter (and higher) with Mitigation Projects than with Adaptation projects
- Co-funding pledges must accompany full proposals, national/local government investment can be eligible.

# Project example 1 - Adaptation

## Senegal Integrated Urban Flood Management Project

- Accredited entity: Agence Française de Développement (AFD)
- Project Sponsor: Republic of Senegal
- Executing Entity: MRUHCV; APIX; ONAS; ANACIM; DGPRE
- Increased resilience of:
  - Infrastructure for reduced vulnerability in existing cities
  - Flood-resilient urban planning in new developments
  - Flood risk awareness-raising
  - Climate change adaptation of infrastructure
- Expected total number of direct and indirect beneficiaries: 2.200.000 people at national scale, of which 700.000 people live in Greater Dakar
- Budget: 71M€
  - AFD: 50M€
  - Government of Senegal (GoS): 6M€
  - GCF: 15 M€

# Project example 2 - Mitigation

## De-Risking and Scaling-up Investment in Energy Efficient Building Retrofits

- Accredited entity: United Nations Development Programme (UNDP)
- Executing Entity: Ministry of Nature Protection (MoNP)
- Direct beneficiaries include 210,000 and 6,463 buildings:
- Reduced emissions from **Buildings, cities and industries and appliances**
  - 100 kt CO<sub>2</sub>e / year (mid - term)
  - Direct 1.4 Mt CO<sub>2</sub>e over 20-years (Final)
- Budget: 29.82M€
  - Yerevan Municipality: 8M€
  - MoNP: 0.4M€
  - GCF: 20M€
  - UNDP: 1.42M€

# Recommendations

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- Build capacity in financial modeling & CBA,
- Partnerships with financial institutions
- At present, proposals in the field of adaptation seem more feasible, due to ongoing experience with Adaptation Fund and lower co-funding requirements
- Link with national government

# Exercise

<b>Project – Objective</b>  What you want to do?	<b>Climate Relevance</b>  What does it have to do with Climate Change?	<b>Short term 'win'</b>  What other quick objectives does it serve in the next 2y?

## 3. Q & A

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**Your questions**



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