

# Green Climate Fund

Handbook for Nepal



Government of Nepal  
Ministry of Finance  
International Economic Cooperation Coordination Division  
Singha Durbar, Kathmandu



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Government of Nepal  
**MINISTRY OF FINANCE**

International Economic Cooperation Coordination Division

SINGHADURBAR  
KATHMANDU, NEPAL

## Foreword

Government of Nepal has taken various initiatives in devising appropriate policies, programmes and institutional and financial arrangements to address the issue of climate change. These efforts from the Government have been supported through domestic resources as well as bilateral and multilateral sources of funds. Of recent, the Green Climate Fund (GCF) has emerged as a dedicated source of climate finance for country like Nepal with the purpose to mobilize large share of resources to limit or reduce greenhouse gas (GHG) emissions and adapt to climate change. It is important to note that, the available GCF resources are mandated to be used to promote transformational change towards low-emission and climate-resilient development through activities that are aligned with national climate change priorities.

Ministry of Finance has been designated as the National Designated Authority (NDA) of Nepal for GCF and the International Economic Cooperation Coordination Division (IECCD) functions as the Contact Point for GCF. The NDA has been entrusted interface between GCF and country for taking forward country-driven approach to exercise ownership on climate priorities, a role that the Ministry of Finance has been carrying since 2015.

However, as a newly established global funding mechanism, there is a need for a greater understanding of Green Climate Fund, its processes, requirements and criteria to access and manage resources effectively. To serve the purpose, Nepal NDA has prepared the GCF Handbook to use and guide NDA as well as

relevant national stakeholders to engage with the GCF. This handbook serves as a guidance to explain broader context of national climate change policies and investment priorities of GCF, the role and responsibilities of NDA, its governance mechanism, role of stakeholders and their engagement, national process for direct access entities and funding proposal development and other readiness and preparatory support that Nepal may receive from GCF.

This handbook has come to this shape with the hard work and tireless effort of my colleagues from Ministry of Finance, members of Climate Finance Technical Committee, representing line ministries, technical experts, and GCF Readiness Programme. They deserve my sincere appreciation. I would also like to thank the German Government (BMUB) for the financial support and UNDP and UN Environment for their technical assistance in preparing this handbook. More importantly, I extend my sincere appreciation to my predecessor Dr. Baikuntha Aryal, who was pivotal in laying foundations for operationalization of GCF in Nepal.

As this is our first attempt to provide maximum information through this handbook, the suggestion and feedback from the readers, users and relevant stakeholders help to improve this in the days to come.

Thank you.

**Kewal Prasad Bhandari**

Joint Secretary  
GCF Contact Point



# Acronyms

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AE	Accredited Entity
BPD	Budget and Programme Division
CC	Climate Change
CF	Climate Finance
CFSC	Climate Finance Steering Committee
CCFF	Climate Change Financing Framework
CFU	Climate Finance Unit
COP	Conference of Parties
DAE	Direct Access Entity
EE	Executing Entity
ESS	Environmental and Social Safeguard
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
GCF	Green Climate Fund
GCF - RP	Green Climate Fund Readiness Programme
GDP	Gross Domestic Products
GoN	Government of Nepal
IMCC	Inter Ministerial Coordination Committee
IECCD	International Economic Cooperation Coordination Division
MIE	Multilateral Implementing Entity
MoAD	Ministry of Agriculture Development
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
MoFSC	Ministry of Forest and Soil Conservation
MoHA	Ministry of Home Affairs
MoPE	Ministry of Population and Environment
MSME	Micro, Small and Medium Enterprises
NAP	National Adaptation Plan
NDA	National Designated Authority
NCCKMC	Nepal Climate Change Knowledge Management Center
NGO	Non Governmental Organization
NPC	National Planning Commission
PMU	Project Management Unit
PPF	Project Preparation Facility
PSF	Private Sector Facility
SH	Stakeholders
TC	Technical Committee
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

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# Glossary of Key Terms

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**Accreditation:** A process under which entities have to demonstrate that they have the ability to manage the GCF's resources in accordance with standards and criteria set out by the GCF in the accreditation application.

**Accredited Entities:** An institution accredited by the GCF Board to access funding from the GCF to access funding, these institutions will go through a process of accreditation, designed to assess whether they are capable of strong financial management and of safeguarding funded projects and programmes against any unforeseen environmental or social harm. An accredited entity could be national or regional or multilateral institution. It can be government, non-governmental and private.

**Adaptation:** Adjustments to ecological, social and economic systems in such a manner as to build resilience of human communities and natural ecosystems so as to moderate or minimize potential damage or to benefit from opportunities associated with climate change.

**Climate Change:** A change in an average weather condition in addition to natural climate variability observed over comparable period, generally of 30 years, which is attributed directly or indirectly to human activities that alters the composition of the global atmosphere.

**Climate Finance:** Refers to flow of funds from developed countries to developing countries in the area of climate change. It includes accessing, absorbing and managing fund for the climate change adaptation and mitigation work through various means – multilateral, bilateral, private sector, non government organization as loan, grant and co-finance.

**Direct Access:** Accessing GCF's resources through national or regional accredited entities directly without intermediaries, such as bilateral and multilateral, to implement projects/programmes.

**Direct Access Entities:** National institutions accredited by GCF Board that can access and manage funds to undertake projects/programmes funded by GCF such as government institutions, public sectors, bank and financial institutions and civil society organizations.

**Expression of Interest:** A letter issued by the National Designated Authority to an accredited entity towards preparation of concept note for GCF.

**Environmental and Social Safeguards:** Measures undertaken to prevent and mitigate possible undue harm of GCF funded projects/programmes to people and environment. Executing Entity: An institution responsible for the execution of projects/programmes funded by the GCF.

**Fit-for-Purpose Accreditation Approach:**

An accreditation approach that recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities, in advancing the objectives of the GCF. It accommodates this diversity by matching the nature, scale, and risk of intended activities to the application of the fiduciary standards and ESS.

**Funding Proposal:** A proposal developed by accredited entities to access and manage GCF fund to undertake projects/programmes

**Green Climate Fund:** A financial mechanism of the United Nations Framework Convention on Climate Change established to help developing countries in achieving a paradigm shift to low-carbon pathways and increased climate resilient development. It supports projects, programmes, policies and other activities in the developing country parties to UNFCCC.

**Investment Criteria:** A set of criteria adopted by GCF to assess the funding proposals submitted by accredited implementing entities.

**Mitigation:** Efforts to reduce or prevent emission of greenhouse gases.

**Multilateral Implementing Entity:**

Accredited entities with GCF that are expected to mobilize and manage GCF finance at global level such as the UN Agencies, Multilateral Development Banks and other international organizations.

**National Designated Authority:** A focal point within a country for engaging with the green climate fund. It is a

government-designated institution in a country with the role of facilitating interface and function as the main point of communication between the country and the GCF.

**Nomination Letter:** A letter given by National Designated Authorities or focal point to aspirant entities seeking GCF accreditation. Entities applying for accreditation need to submit such nomination letter as a part of their application for accreditation.

**No Objection Letter:** A letter issued from a National Designated Authority or focal point confirming that it has no objection to a funding proposal submitted on behalf of its country by an accredited entity.

**Paris Agreement:** Paris Agreement is an international agreement agreed at the 21st Session of the Conference of Parties (COP21) of the United Nations Framework Convention on Climate Change held in November 2015 in Paris, France. It aims to strengthen the global response to the threat of climate change by keeping a global temperature rise well below 2 degree Celsius above pre-industrial level in this century and to pursue efforts to limit the temperature increase even further to 1.5 degree Celsius. Paris Agreement came into effect on 4th November 2016. Nepal has signed and ratified this Agreement.

**United Nations Framework Convention on Climate Change:**

A framework for international cooperation to combat climate change negotiated at the Earth Summit in Rio de Janeiro in June 1992 and enforced in March 1994.



# Summary

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The Green Climate Fund (GCF) was established as an operating entity of the United Nations Framework Convention on Climate Change (UNFCCC) in 2010. The GCF is expected to channel a large share of international climate finance commitment of developed countries to mobilize US\$ 100 billion by 2020. Nepal as a party to the convention is eligible to access funding from GCF directly through national accredited entities and international entities (the latter being an indirect access modality).

The Government of Nepal has nominated the Ministry of Finance (MoF) as the National Designated Authority (NDA) while the International Economic Cooperation Coordination Division (IECCD) serves as the contact point for GCF. As underlined within the scope by GCF, IECCD will operate as the interface between Nepal and GCF. The NDA ensures that activities supported by the GCF align with the country's strategic national policies and priorities on climate change. However, as a newly established global funding mechanism, there is a need for a greater understanding of GCF, its requirements and criteria to access and manage its resources effectively. The GCF Handbook is therefore prepared to develop a common understanding amongst national stakeholders on the GCF processes and to guide the NDA to facilitate the GCF engagement processes in Nepal.

The NDA needs to engage various national stakeholders to ensure compliance with the scope mandated by GCF and more importantly to create ownership among the actors for the successful implementation of the GCF process in Nepal. To achieve this, the NDA needs to drive and facilitate relevant institutional coordination mechanisms and multi-stakeholder engagement processes. In this context, a governance mechanism for the Nepal NDA is established with the purpose of providing guidance on policy matters to create an enabling environment, aid decision making and provide technical inputs on GCF processes. Hence, a three-tiered governance structure within the MoF has been established. They are (1) Climate Finance Steering Committee (CFSC) chaired by the Finance Secretary for policy and national coordination; (2) Technical Committee (TC) chaired by the Joint Secretary and Chief of IECCD for technical support; and (3) an interdivisional climate finance unit led by Under Secretary for operational function. The Ministry of Finance, as the NDA leads and oversees the GCF processes in Nepal in coordination with GCF and national stakeholders.

Developing countries including Nepal can access GCF funds through accredited entities (national or international). GCF encourages developing countries to access resources directly through national

**The Government of Nepal has nominated the Ministry of Finance (MoF) as the National Designated Authority (NDA) while the International Economic Cooperation Coordination Division (IECCD) serves as the contact point for GCF. As underlined within the scope by GCF, IECCD will operate as the interface between Nepal and GCF.**

Direct Access Entities (DAEs) which are required to meet the minimum eligibility criteria and standards prepared by the GCF. The Nepal NDA shall issue a call for application for institutions to apply for accreditation entity status under the GCF as and when needed through public notice.

Once accredited, all DAEs from Nepal are eligible to submit funding proposals to the GCF. Such proposals

need to be aligned with the eight strategic result areas and six high-level investment criteria outlined by the GCF. As a country-driven process, proposals need to align with national policies and priorities. The NDA will identify and endorse proposals that are in alignment of GCF's six investment criteria and Nepal's countries policies and priorities. The NDA can issue call for proposals especially from the DAEs as and when needed.

CHAPTER 1

# Introduction







# 1. Introduction

## 1.1 Climate Change Context

Nepal is one of the most vulnerable countries due to its climate variability, geography, poverty and a high dependency on natural resources. The Climate Risk Index (CRI) 2014 prepared by Germanwatch ranks Nepal 7<sup>th</sup> most affected country.<sup>1</sup> Climate related natural hazards such as floods, landslides, droughts and extreme weather events are increasing in severity and frequency, causing loss of lives and property damage. The communities in Nepal are therefore already facing climate costs due to their fragile geo-physical structures, unplanned settlements, environmental degradation and low adaptive capacity.

Climate sensitive sectors such as agriculture, forest, water, infrastructure, and hydropower are most impacted by the ongoing changes in the climate.<sup>2</sup> A study on economic loss of climate change in three sectors (agriculture, hydro-electricity and water-induced disasters) estimated losses to be 1.5 to 2 percent of Gross Domestic Product per year (approximately US\$270-360 million at 2013 price). The same study estimates that Nepal will need to invest an additional US\$ 2.4 billion in adaptation initiatives by 2030.<sup>3</sup> In 2016, the Ministry of Home Affairs (MoHA) estimated that economic losses due

to climate-induced disasters were NRs 2.81 billion.<sup>4</sup> Unless more ambitious actions are taken, climate change will continue to affect all sectors to a degree that could undermine current and future development gains. Thus, it is vital that Nepal should invest in a climate resilient and low carbon development model that adheres to the 2015 Paris Agreement.<sup>5</sup>

## 1.2 Policy and Institutional Response

Nepal has developed and rolled out a number of plans, policies, strategies, guidelines and frameworks in response to climate change. Major policy documents include the following:

- National Strategy for Disaster Risk Management (2009)
- National Adaptation Programme of Action (2010)
- National Climate Change Policy (2011)
- Priority Framework for Action on Climate Change Adaptation and Disaster Risk Reduction in Agriculture (2011)
- National Framework of Local Adaptation Plans for Action (2011)
- Climate Resilient Planning Tool (2011)
- Climate Change Budget Code (2012)

**A study on economic loss of climate change in three sectors (agriculture, hydro-electricity and water-induced disasters) estimated losses to be 1.5 to 2 percent of Gross Domestic Product per year (approximately US\$270-360 million at 2013 price).**

<sup>1</sup> Germanwatch. 2014. [www.germanwatch.org/en/cri](http://www.germanwatch.org/en/cri)

<sup>2</sup> Ministry of Environment. 2010. National Adaptation Programme of Action (NAPA) to Climate Change. <http://unfccc.int/resource/docs/napa/npl01.pdf>

<sup>3</sup> IDS-Nepal, PAC and GCAP. 2014. <https://cdkn.org/project/economic-impact-assessment-of-climate-change-in-nepal>

<sup>4</sup> Ministry of Home Affairs. 2017. <http://drrportal.gov.np/reports>

<sup>5</sup> Paris Agreement: An international agreement agreed at the 21st Session of the COP21 of the UNFCCC held in November 2015 in Paris, France. It aims to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degree Celsius above pre-industrial level and to pursue efforts to limit the temperature increase even further to 1.5 degree Celsius.

- Environment Friendly Local Governance Framework (2013)
- Nationally Determined Contribution (2016)
- 14<sup>th</sup> Plan (2016/17 -2018/19)

The Government of Nepal is currently in the process of formulating a National Adaptation Plan, Low Carbon Economic Development Strategy and the National Disaster Risk Reduction Strategy and Action Plan. Further, climate change issues have been incorporated into various sectoral policies such as Agriculture Development Strategies (2014), Forest Policy (2015) and National Forest Strategy (2015).

Several institutional mechanisms have been established to drive the climate change agenda nationally. A high-level body - Climate Change Council (CCC) - chaired by the Rt. Honourable Prime Minister of Nepal provides policy guidance to the Government of Nepal<sup>6</sup> while the Environment Protection Committee (Parliament)<sup>7</sup> has been constituted for policy discourse on environment agenda including climate change. Similarly, the National Planning Commission (NPC) facilitates sectoral coordination and planning processes on climate change related programmes at the national level. As the focal point for UNFCCC, Ministry of Population and Environment (MoPE) is responsible for implementation and facilitation of climate change work in the country.<sup>8</sup> Ministry of Finance (MoF) is responsible

for climate relevant budget allocation<sup>9</sup> and tracking of the expenses.<sup>10</sup> The REDD Implementation Centre has been established within Ministry of Forests and Soil Conservation (MoFSC) to facilitate REDD+ work in Nepal. Moreover, Nepal's Constitution recognises the role of local government in environmental conservation while the national and international environment management, national parks, wildlife reserves, national forests, carbon services and environmental adaptation is under the responsibility of federal government.<sup>11</sup>

### 1.3 Purpose of the Handbook

The GCF Handbook has been prepared to develop a common understanding among the national stakeholders on GCF processes, how to guide the NDA, and how to facilitate the GCF engagement process in Nepal. The Handbook is primarily intended to provide guidance to NDA on GCF processes, provide a better understanding on the governance mechanism of Nepal NDA and the GCF engagement process for national institutions such as line ministries and departments, financial institutions, private sector companies, academic centers and civil society organizations. Further, the Handbook is expected to provide information and a procedural overview on assisting the National Designated Authority and relevant stakeholders in Nepal to access and manage resources from the Green Climate Fund.

**The Handbook is primarily intended to provide guidance to NDA on GCF processes, provide a better understanding on the governance mechanism of Nepal.**

<sup>6</sup> Ministry of Environment.2017. <http://www.moep.gov.np/ne/content.php?id=49> ; Accessed: July 2017

<sup>7</sup> Legislative-Parliament, Nepal.2017. <http://parliament.gov.np/en/committees/Environment-Protection-Committee> Accessed: July 2017

<sup>8</sup> MoPE.2017. <http://www.moep.gov.np/content.php?id=35> ; Accessed: July 2017

<sup>9</sup> NPC. 2012. Climate Change Budget Code. Criteria and Method. <http://www.npc.gov.np/images/category/Climate-change-budget-code.pdf>

<sup>10</sup> MoF. Financial Comptroller General Office. 2017. Fiscal Year-Wise Consolidated Financial Statements. <http://fcgo.gov.np/old/report-publications/financial-statements/>; Accessed: July 2017

<sup>11</sup> Nepal Law Commission. 2015. The Constitution of Nepal. 2015. <http://doinepal.gov.np/uploads/20170309121229.pdf> (Nepali). <http://www.lawcommission.gov.np/en/documents/2016/01/10272.pdf> (English)

CHAPTER 2

# Green Climate Fund





## 2. Green Climate Fund

### 2.1 Overview

The Green Climate Fund was established by 194 countries party to the United Nations Framework Convention on Climate Change (UNFCCC) at the 16<sup>th</sup> Conference of Parties (COP) in 2010 under the 'Cancun Agreements'. It is an operating entity of the financial mechanism of the Convention and receives guidance from the Conference of the Parties of the UNFCCC. In context of long-term financial support, advanced economies formally made a commitment to jointly mobilize US\$100 billion per year by 2020, from a variety of sources, to address the pressing mitigation and adaptation needs of the developing countries.<sup>12</sup>

The GCF is governed by a Board of 24 members with equal representation

from developing and developed countries, and receives guidance from the Conference of the Parties to the Convention. The Board makes the final decision on accreditation, based on the guidance provided by the Accreditation Panel. Decisions by the Board are made at Board meetings which are usually held three times per year. The GCF has an independent Secretariat that is responsible for the day-to-day operations of the GCF. The Secretariat is main point of contact for the NDA and applicants throughout the accreditation and funding proposal development process. The Secretariat is accountable to the Board. The GCF Secretariat is based in Songdo, Republic of Korea while the World Bank (WB) acts as an interim trustee for the GCF.

**It is an operating entity of the financial mechanism of the Convention and receives guidance from the Conference of the Parties of the UNFCCC.**

**Table 1: Key features of Green Climate Fund**

- Commitment to aim for 50:50 balance between mitigation and adaptation investments over time.
- At least 50% of adaptation funding aimed for the most vulnerable countries, including LDCs, SIDS, and African States.
- Direct private sector engagement in transformational climate-sensitive investments through the Private Sector Facility (PSF). Risk-bearing capacity, allowing the Fund to support innovation and leverage and crowd in additional financing.
- Availability of a variety of financial instruments including grants, concessional loans, subordinated debt, equity, and guarantees, giving flexibility to match project needs.
- Balanced governance structure that ensures consensus-based decisions between 12 developed and 12 developing countries.

(Source: Adopted from Governing Instrument of GCF, 2011)<sup>13</sup>

<sup>12</sup> GCF 2014. GCF Investment Framework. [https://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_06\\_-\\_Investment\\_Framework.pdf](https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_06_-_Investment_Framework.pdf)

<sup>13</sup> GCF 2011. Governing Instrument of Green Climate Fund. [http://www.greenclimate.fund/documents/20182/574763/Governing\\_Instrument.pdf](http://www.greenclimate.fund/documents/20182/574763/Governing_Instrument.pdf).

**The AEs are also expected to manage environmental and social risks that may arise at the project level, and keep the project in-line with the GCF's Gender Policy.**

The GCF is the world's largest fund intended to help developing countries in achieving a paradigm shift to low-carbon pathways and increased climate-resilient development by investing in transformative projects and programmes on adaptation and mitigation to climate change (Table 1). GCF finances projects and programmes that contribute to the national climate change policies and priorities of the countries. Projects that are cross-cutting, which deliver co-benefits in terms of mitigation and adaptation, are also eligible for GCF funding. The GCF pays attention to the needs of societies that are highly vulnerable to the impact of climate change particularly Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African States.

## 2.2 Accessing GCF Fund

All developing country Parties to the UNFCCC are eligible and can access resources from GCF through projects and programmes developed by public and private sector accredited entities that are either 'Direct (National),' or 'Indirect (International)'. Accredited Entities (AE) are institutions that demonstrate the ability to manage GCF's resources in line with the GCF's fiduciary standards for the scale and type of funding sought. The AEs are also expected to manage environmental and social risks that may arise at the project level, and keep the project in-line with the GCF's Gender Policy.<sup>14</sup> The eligibility and access modality for GCF is presented in Table 2 below:

**Table 2: Eligibility and Access Modality for GCF**

<b>Country eligibility</b>	All developing country parties to the UNFCCC including Nepal are eligible to receive resources from GCF.
<b>Access modality</b>	GCF resources can be accessed by 'Direct (National)' and 'Indirect (International)' Access Entities. The direct access modality can include national and regional entities. The international access modality includes accessing resources from accredited international entities including United Nations agencies, multilateral development banks, international financial institutions and regional institutions.
<b>Institutional eligibility</b>	GCF works with a wide range of AE institutions to channel GCF resources through projects and programmes. Such entities may be national, sub-national and international.  Each institution is required to have policies, procedures, guidelines etc on par with GCF's fiduciary standards, environmental and social risks and gender policy.
<b>Sector eligibility</b>	GCF specifically has provisioned the Private Sector Facility (PSF) for private sector activities. NDA needs to ensure that the accredited private sector interests are aligned with national climate policies and priorities.  PSF has special focus on Micro, Small and Medium Enterprises (MSMEs) in developing countries.

(Source: Adopted from Governing Instrument of GCF, 2011)

<sup>14</sup> GCF 2017. Getting Accredited. <http://www.greenclimate.fund/partners/accredited-entities/get-accredited>; Accessed: July 2017

CHAPTER 3

# National Designated Authority







## 3. National Designated Authority

### 3.1 Introduction

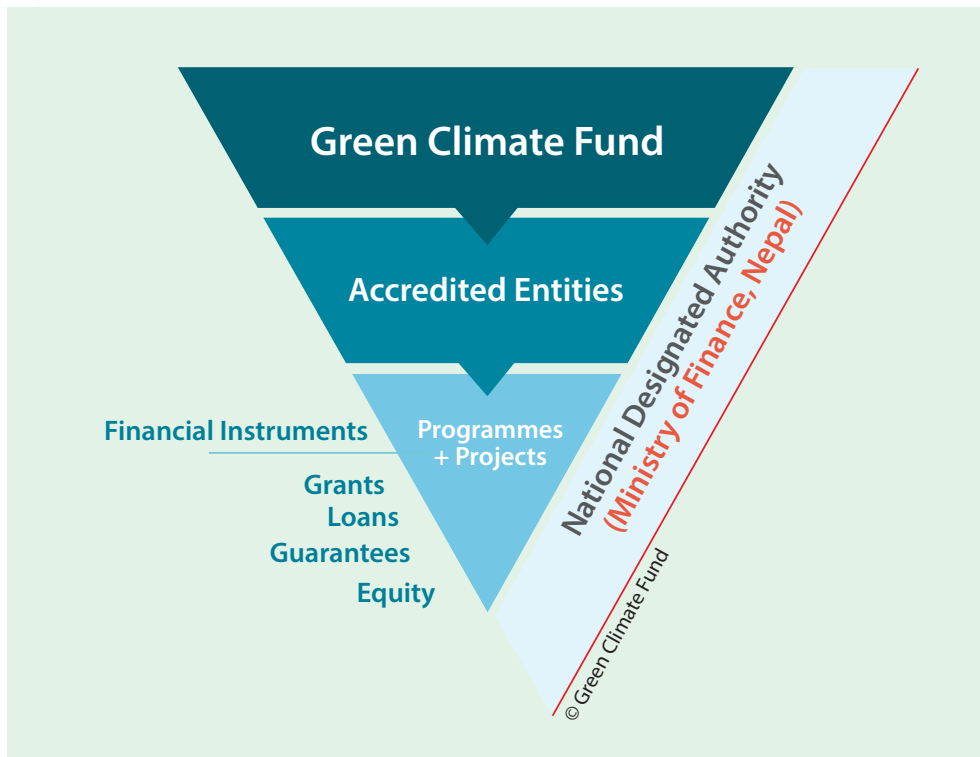
The Governing Instrument of the Green Climate Fund states that it will adopt a country-driven approach in coordination with national stakeholders, support developing countries partners exercise ownership of climate change funding, and align financing with national policies and priorities. In this context, the GCF requires that the National Designated Authority (NDA) will operate as the interface between country and the GCF to communicate the country's priorities for financing low-emission and climate-resilient development.<sup>15</sup>

### 3.2 Roles of NDA

The Government of Nepal has nominated the Ministry of Finance (MoF) as the National Designated Authority and the Chief of International Economic Cooperation Coordination Division (IECCD) – within the MoF - to function as the 'Contact Point' for the GCF. The MoF is well-versed with the country's national budget, economic policies and their interrelation with climate change-related priorities and development plans. Thus in line with GCF's outlined roles and responsibility, the roles and responsibility of Nepal NDA are as follows;

**The MoF is well-versed with the country's national budget, economic policies and their interrelation with climate change-related priorities and development plans.**

**Figure 1: GCF Architecture**



<sup>15</sup> GCF. 2017. About NDAs. <http://www.greenclimate.fund/partners/countries/about-ndas>; Accessed: July 2017

**The MoF is well-versed with the country's national budget, economic policies and their interrelation with climate change-related priorities and development plans.**

- i. Provide broad strategic oversight that is aligned to national priorities for developing the GCF country programme and communicating strategic country priorities to access GCF funding. The country programme and GCF projects will be aligned to existing policies and strategies such as the national Climate Change Policy, National Adaptation Programme of Action (NAPA), sector policies and the Nationally Determined Contributions etc.
- ii. Convene national stakeholders, including the public and private sectors and civil society, via coordination, consultation, and multi-stakeholder forums to engage in raising awareness on GCF processes, capacity development needs, documenting lessons learnt, and facilitating opportunities for shared learning with other countries.
- iii. Facilitate the accreditation process for national institutions and provide *'Nomination Letters'* to institutions (e.g. government, private sector and civil society organizations) for their application for the accreditation status under the GCF.
- iv. Facilitate the development of GCF funding proposals and the implementation of GCF funded projects/programmes in Nepal by engaging with accredited entities to align funding proposals with national strategic priorities. The NDA will also issue an *'Expression of Interest'* for concept note preparation and the *'No Objection Letter'* to the GCF for a full funding proposal.
- v. Provide leadership on the deployment of readiness and preparatory support funding in Nepal. This includes GCF readiness support to strengthen national implementing agencies and the NDA along with preparation of National Adaptation Plans (NAPs), Project Preparation Facility and REDD+ activities. Note: Nepal has already accessed funding for preparation of National Adaptation Plans.

In order to fulfil the mandate of the NDA, a governance mechanism is proposed to facilitate effective communication, strong coordination with relevant stakeholders, and the issuance of the *'Nomination letter'*, the *'Expression of Interest'* and the *'No Objection Letter'*.<sup>16</sup>

<sup>16</sup> Annex 1 for detail roles and functions of NDA

CHAPTER 4

# Governance Mechanism





# 4. Governance Mechanism

## 4.1 Introduction

The NDA shall engage various national stakeholders to ensure compliance with the scope mandated by GCF. A governance mechanism for the NDA has been established with the purpose of providing policy guidance, aiding decision making and technical inputs on application for accreditation and GCF funding proposal (including the development of concept notes) along with operational support as required.

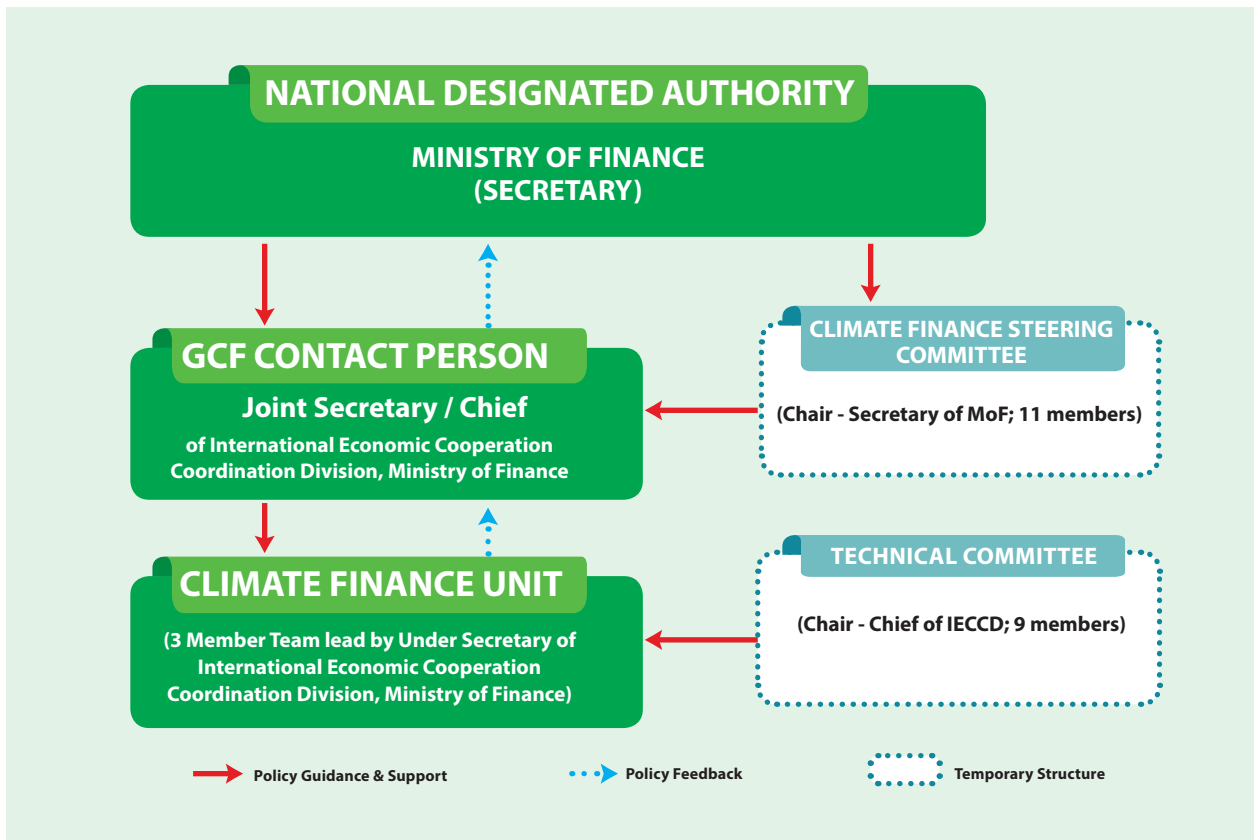
The governance mechanisms for climate finance, including GCF, requires engagement with multiple stakeholders and multi-tiered governance structures within the NDA

for climate finance in Nepal. The mechanism will engage all relevant stakeholders from the government, private sector, and non-government agencies at the national and sub-national levels. The governance mechanism will serve the purpose of contributing towards the broader scope of a long-term vision on climate finance in Nepal.

Existing mechanisms and structures currently in place will be utilized to ensure sustainability, reduced duplication of effort, and coherence in operations. The GCF governance

**The governance mechanisms for climate finance, including GCF, requires engagement with multiple stakeholders and multi-tiered governance structures within the NDA for climate finance in Nepal.**

**Figure 2: Governance Structure of Nepal NDA**



**The International Economic Cooperation Coordination Division (IECCD) is house within the Ministry of Finance, which leads and oversees the GCF process in Nepal.**

structure recognizes inclusiveness, and promotes environmental and social safeguards (including gender), all of which are important issues for the GCF engagement process. The national governance mechanism will facilitate decision making and coordination by providing clear mandates on roles and responsibilities to the respective stakeholders.

**4.2 Nepal’s NDA Structure**

The NDA’s governance structure has tiered institutional units that provide timely, strategic guidance and support to the NDA in terms of GCF processes and broader climate finance targets. The structure is illustrated in Figure 2.

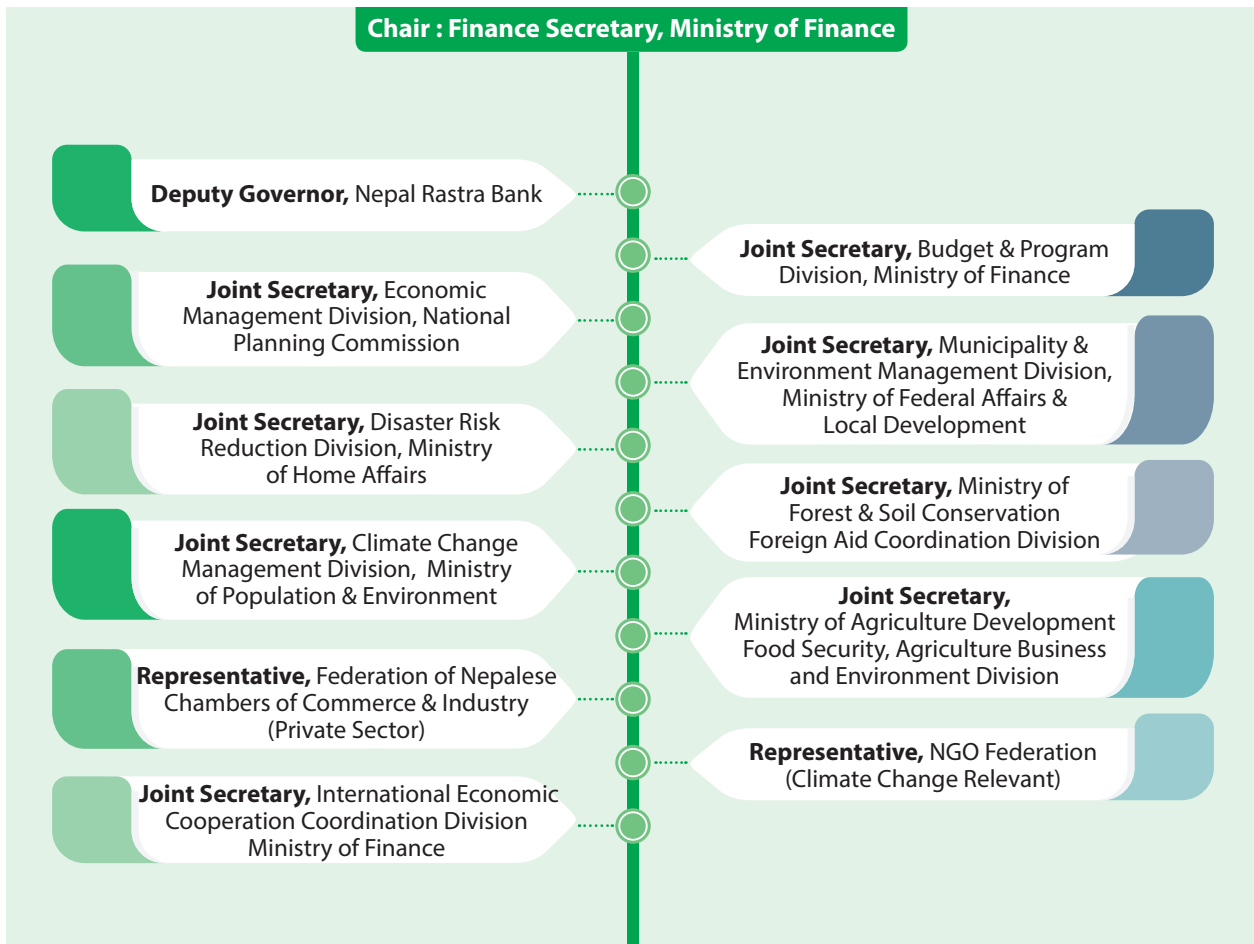
**4.2.1 Ministry of Finance – National Designated Authority**

The Ministry of Finance serves as the National Designated Authority for the GCF in Nepal. The International Economic Cooperation Coordination Division (IECCD) is housed within the Ministry of Finance, which leads and oversees the GCF process in Nepal. Refer: Chapter 3 for roles and responsibilities of NDA. Coordination with UNFCCC focal point.

**4.2.2 Climate Finance Steering Committee**

The Climate Finance Steering Committee (CFSC) is a high level body for overall Climate Finance including

**Figure 3: Composition of Climate Finance Steering Committee**



the Green Climate Fund in Nepal. The primary function of the CFSC is to provide policy guidance to the NDA as well as coordination with wider stakeholders in the country.

#### 4.2.2.1 Composition

The CF Steering Committee is a multi-stakeholder body, which will be chaired by the Secretary of the Ministry of Finance. The committee will consist of 11 members representing key sectoral ministries, private sector and Civil Society Organizations (representing climate change sectors) (Figure 3). The Joint Secretary and Chief of IECCD, MoF will work as the Member Secretary for the Committee.

The 'Official Nomination Letter' from their respective ministry/agency is required from each member. The development partner involved in climate finance, and representatives from the Climate Change Council, will be invited to the meetings as invitees. To ensure inclusiveness of various national stakeholders, NDA will extend invitation to representatives of indigenous groups, women and marginalized groups when necessary.

#### 4.2.2.2 Roles and Responsibilities

The Climate Finance Steering Committee provides policy guidance and coordination support to create an enabling environment for climate investment, especially in relation to the GCF. The CF Steering Committee makes strategic decisions and engages government and non-government agencies including the private sector to harness available international climate finance to Nepal. The main functions of

the Steering Committee includes:

- i. Provide policy guidance to the NDA on emerging national and sectoral climate finance issues and priorities.
- ii. Provide strategic direction for domestic and international investments in low carbon and climate resilient development in Nepal.
- iii. Facilitate the coordination of relevant ministries to prioritize areas/projects for GCF funding in line with the national policy and strategies.
- iv. Facilitate the creation of an enabling environment for policy and institutional reforms to address policy, capacity and institutional gaps.
- v. Enhance coordination and collaboration among all stakeholders.

The Steering Committee will meet at least twice a year.

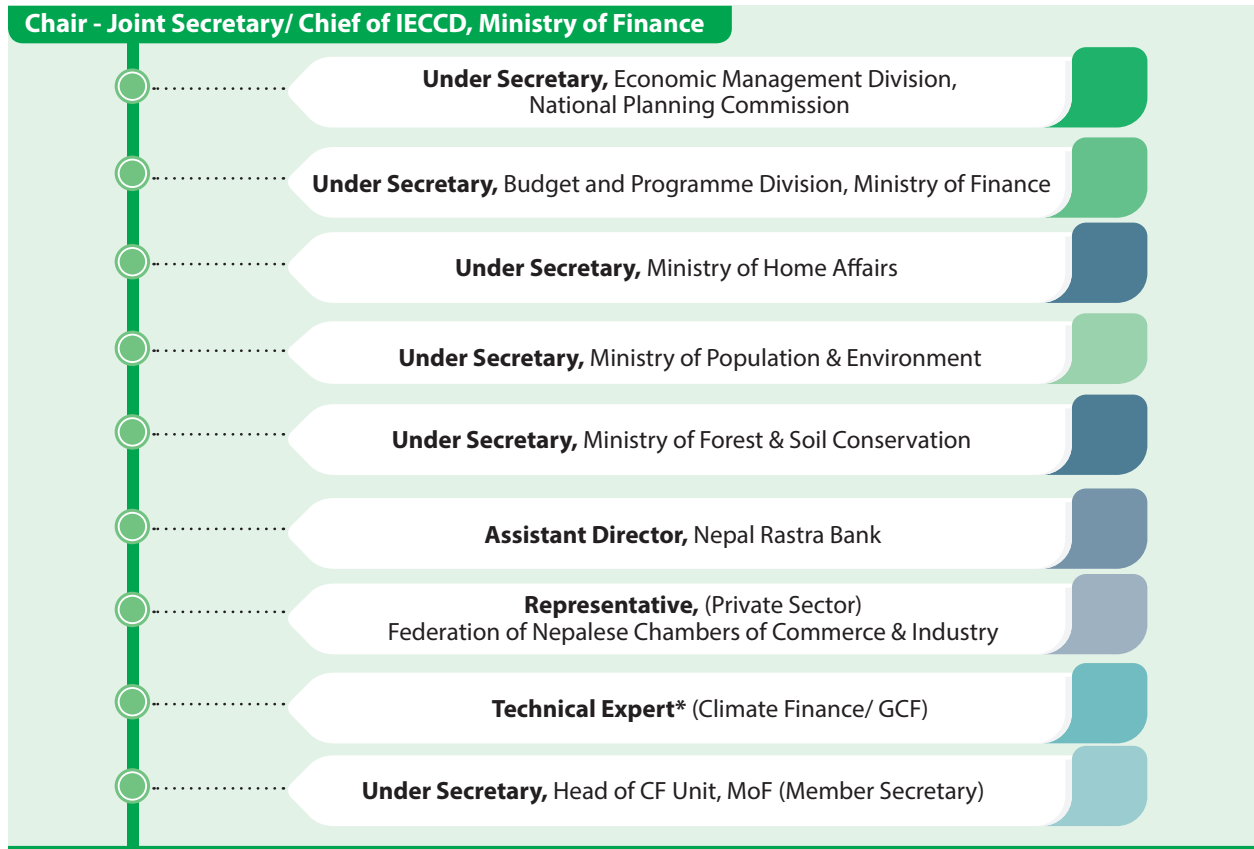
#### 4.2.3 Technical Committee

To aid the NDA on issuance of the 'Expression of Interest', 'No Objection' and 'Nomination letter', a Technical Committee (TC) has been setup within the NDA. Whilst the CF Steering Committee is primarily responsible for policy guidance and coordination support, the TC provides technical and advisory support to the NDA and the Climate Finance Unit (CFU).

##### 4.2.3.1 Composition

The composition of the Technical Committee is based on technical responsibility and sectoral focus. The

**The CF Steering Committee makes strategic decisions and engages government and non-government agencies including the private sector to harness available international climate finance to Nepal.**

**Figure 4: Composition of Technical Committee**

**Support decision making process and justification of 'Expression of Interest' or 'No Objection' letter to be issued by NDA for concept note preparation or project full funding proposal application;**

Committee includes representatives from;

- i. Government institutions that are engaged in preparation of national policies and plans;
- ii. Government institutions working on climate change relevant activities;
- iii. Agencies that provide broad oversight on climate action and policy guidance;
- iv. Representatives from the private sector engaged in climate action, and;
- v. Climate change technical expert as nominated by the NDA.

The Technical Committee will also make provisions for inclusion of additional technical expertise as needed. The

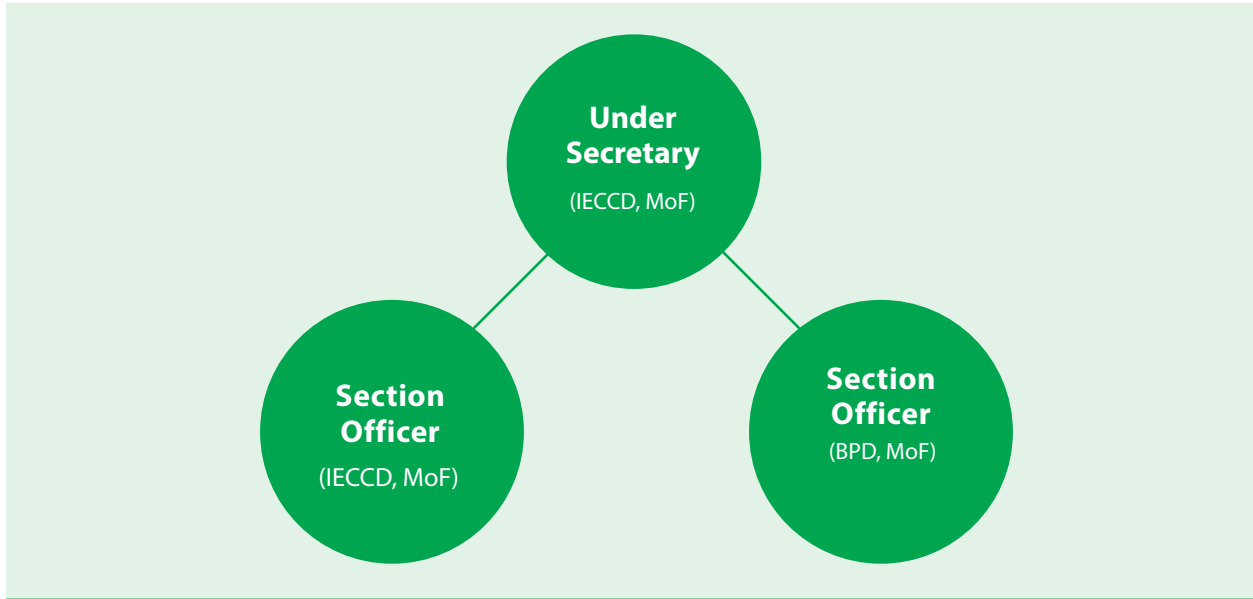
'Official Nomination Letter' from their respective ministry/agency is required from each member. Development partner involved in climate finance and representatives from the provision for additional technical experts as needed. To ensure inclusiveness of various national stakeholders, the NDA will extend invitations to representatives of indigenous groups, women and marginalized groups as necessary.

#### **4.2.3.2 Roles and Responsibilities**

The primary role of the Technical Committee is to provide technical inputs and support in the decision-making processes pertaining to the GCF and climate finance issues. The Committee's roles and responsibilities include:

- i. Provide oversight on the country



**Figure 5: Composition of Climate Finance Unit**

readiness programme, including the medium-term engagement strategy;

- ii. Facilitate consultative processes with key stakeholders at the national level to develop policy and financing strategies for national climate change priorities;
- iii. Provide technical review of concept notes and funding proposals in-line with the national priorities. Support decision making process and justification of 'Expression of Interest' or 'No Objection' letter to be issued by NDA for concept note preparation or project full funding proposal application;
- iv. Lead in advising NDA and accredited entities on integrating national climate change priorities into the development of concept notes and full funding proposals;
- v. Support the technical review

of candidate institutions/entities interested in becoming accredited to the Green Climate Fund to aid decision making on issuance of 'Nomination Letter';

- vi. Provide update on the status of the various national programmes related to climate change;
- vii. Provide technical expertise to the Climate Finance Unit as required.

The Technical Committee will meet on quarterly basis but the meetings can be called by the NDA as per the need.

#### 4.2.4 Climate Finance Unit

The Climate Finance Unit is established within MoF to oversee the matters related to climate finance in the country. One of its primary roles is to oversee day-to-day engagement to access, manage, and mobilize climate change finance from domestic and external sources and coordinate targeting climate finance. With the increasing need for adaptation and

**The CFU comprises a small team of staff of IECCD budget & programme division. The Unit will work under the strategic guidance and supervision of the Joint Secretary and Chief of the IECCD.**

low carbon development pathways, CFU will help, coordination and facilitation with relevant stakeholders to foster effective climate financing in the country. The CFU comprises a small team of staff of IECCD and Budget & Program Division (BPD). The Unit will work under the strategic guidance and supervision of the Joint Secretary and Chief of the IECCD with support from the Joint Secretary and Chief of the BPD. Apart from overseeing engagement with GCF and other international climate financing sources, the CFU will play a pivotal role to strengthen mainstreaming climate change into planning and budgeting process across sectors and enhance cross sectoral linkages among climate relevant ministries through the provisions such as Inter-Ministerial Coordination Committee (IMCC) of the Climate Change Financing Framework (CCFF). These efforts will help mobilize available climate finances more effectively and equitably in targeting the poor and vulnerable.

**Facilitate issuance of the: (a) 'Nomination letter' to the selected national institutions applying for 'Accreditation'; (b) 'Expression of Interest' for 'Concept Note' Preparation; and (c) 'No Objection Letters' for full funding proposal submission to the GCF;**

#### 4.2.4.1 Composition

The Climate Finance Unit works under the leadership of the Under Secretary of IECCD and is supported by one officer each from IECCD and BPD.

#### 4.2.4.2 Roles and Responsibilities

The Climate Finance Unit is responsible for the day-to-day operation of the both domestic and international climate finance related activities. The CFU provides necessary support for the effective functioning of MoF as the NDA to the GCF. The Unit performs all preparatory work on climate finance executed by the

NDA. The Unit helps facilitate and prepare annual plans, programme, guidelines and procedures related to GCF/climate finance for Nepal. The Unit also communicates for GCF-related activities in Nepal, including the accreditation application process and review and submission of the concept note and full funding proposal development. The CFU is responsible to coordinate climate change finance in the budget preparation and decision-making processes across sectors.

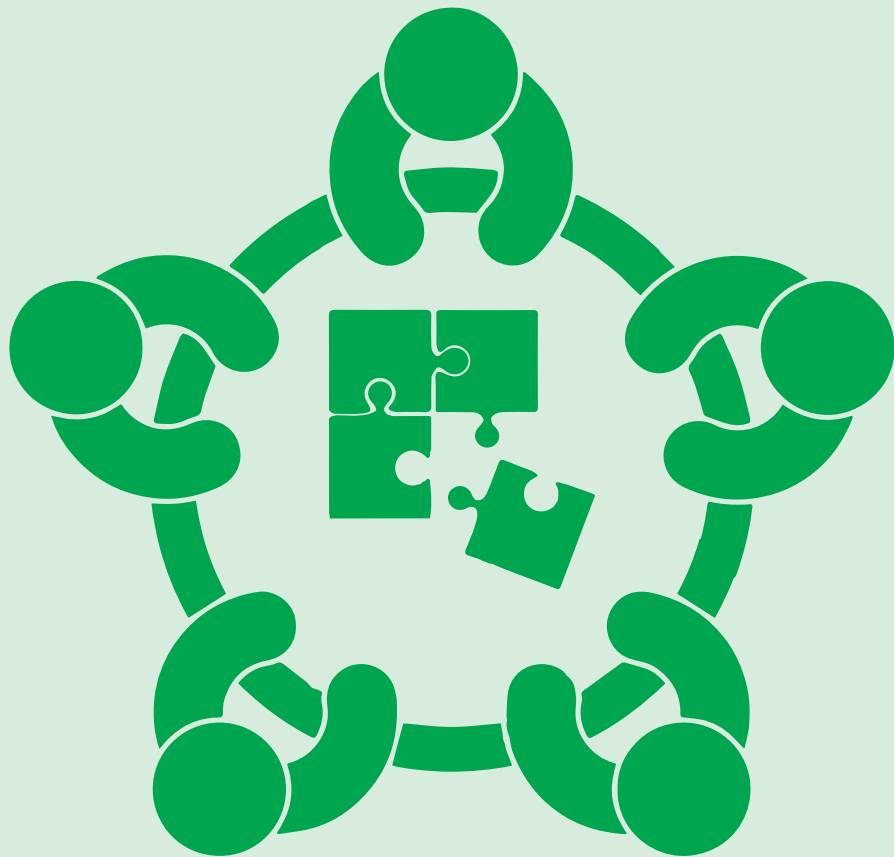
The major roles and responsibilities of the unit includes:

- i. Prepare annual plans, programmes and budget related to GCF/climate finance and submit to the NDA focal person for review and approval;
- ii. Facilitate the process to take stock of national priorities, strategies and plans for low carbon, climate resilient development in Nepal;
- iii. Prepare guidelines and procedures on GCF/Climate Finance activities support;
- iv. Lead in developing relevant knowledge products and information sharing to wider audiences for engaging with GCF;
- v. Coordinate with the Technical Committee to facilitate DAEs' accreditation and funding proposal development process;
- vi. Correspond actively with the GCF and facilitate country visits and meetings with GCF officials;
- vii. Disseminate GCF engagement process, requirements, challenges and operational procedures of the GCF to the national stakeholders

- including DAEs/potential DAE;
- viii. Represents in international and national forums related to GCF/ climate finance on behalf of NDA;
- ix. Facilitate institutional strengthening and capacity development efforts of the NDA;
- x. Help organize Climate Finance Steering Committee, Technical Committee and Inter-ministerial Coordination Committee meetings regularly;
- xi. Facilitate national call for '*Expression of Interest*' to apply as an '*Accredited Entity*' Status under the GCF and call for '*Project Ideas or Concept Notes*' by national accredited entities;
- xii. Facilitate issuance of the '*Nomination letter*' to the selected national institutions applying for '*Accreditation*,' '*Expression of Interest*' for '*Concept Note*' Preparation and '*No Objection Letters*' for full funding proposal submission to the GCF;
- xiii. Maintain a roster of expert candidates that can be called upon to support short-term assignment, as and when needed;
- xiv. Plan, monitor, and report per existing norms of GCF as well as maintain the database and Management Information System (MIS) for Climate Finance;
- xv. Provide secretarial support to the Climate Finance Steering Committee and the Technical Committee as required.



# Stakeholder Engagement in the GCF Process





# 5. Stakeholder Engagement in the GCF Process

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## 5.1 Introduction

Nepal needs to engage diverse and relevant stakeholders primarily to develop and implement the country-level strategic framework. The NDA engages stakeholders based on their respective capacity and relevance to GCF financing. The country ownership of GCF activities by all concerned national stakeholders, including Direct Access Entities (DAEs), is crucial for the success of the GCF in Nepal. Such ownership can only be achieved by engaging all relevant stakeholders in GCF processes based on their roles, interest and capability to meet national low carbon and climate resilient development aims. Sharing responsibilities, as well as accountability between concerned stakeholders in GCF processes, is equally important to make the GCF process more transparent and accountable. In addition, meaningful engagement and functional co-ordination of stakeholders in different stages of the GCF process will bring synergies on climate change work in Nepal. Achieving clarity on the roles and responsibilities of stakeholders in the GCF process is necessary for effective cooperation and coordination among stakeholders in their engagement with the GCF.

## 5.2 Key Stakeholders and their Engagement Priorities

Over the last ten years, there has been

an increasing number of national and international organizations from government, non-government, academic and private sectors involved in climate action in Nepal. These stakeholders have tested various adaptation and mitigation options and generated a wealth of knowledge and information to feed into low carbon climate resilient policies, plans, framework and overall response mechanism in Nepal. Nepal will need to build on these efforts, and identify key stakeholders and their potential roles within the GCF to receive support for scaled up climate action and contribute towards national climate change priorities. The first step for the NDA is to gather such information and engage stakeholders systematically and meaningfully in the GCF process. The potential areas of involvement of stakeholders in the GCF process and GCF funded projects/programmes will vary based on their roles, technical strength, mandate and organizational capability. In engaging with these stakeholders, the NDA will ensure their representation is regular in country meetings, national planning, and dialogue exercises. The GCF stakeholders operate in close coordination while engaging in the GCF process. They are expected to bring synergy through collaboration and cooperation in a complementary manner.

**The country ownership of GCF activities by all concerned national stakeholders, including Direct Access Entities (DAEs), is crucial for the success of the GCF in Nepal.**

**Table 3: Stakeholder Engagement Priorities**

Key Stakeholders	Roles and Responsibilities	Priority Engagement Sectors
<b>GOVERNMENT</b>		
<b>All federal and provincial ministries, department, and local government, targeting GCF result areas and investment priorities</b>	<ul style="list-style-type: none"> <li>• Develop a national and sector climate change priority action plan for Nepal aligning with the eight GCF result areas and five investment priorities (cross cutting areas) for funding.</li> <li>• Monitor national efforts on a low carbon and climate resilient development pathway and devise appropriate policy and regulatory reform measures on national, federal, sector policy and strategy to integrate climate action.</li> <li>• Build on low carbon climate resilient initiatives and engage with other sources of funding (especially for co-financing).</li> <li>• Oversee implementation of projects and programmes funded by GCF in their respective sector to ensure a paradigm shift in climate action is initiated using GCF resources.</li> <li>• Ensure full integration of climate concerns at federal, provincial and local levels into development plans, policies and strategies.</li> <li>• Regular engagement of the GoN stakeholders in GCF process and GCF funded projects/programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Government agencies relevant to eight result areas regularly need to engage in the issue at the appropriate national level i.e <ul style="list-style-type: none"> <li>i. Energy generation and access;</li> <li>ii. Transport;</li> <li>ii. Building, cities, industries and appliances;</li> <li>ii. Land use deforestation, and forest degradation;</li> <li>ii. Enhanced livelihoods for vulnerable people and communities;</li> <li>ii. Food, water security and health;</li> <li>ii. Infrastructure and</li> <li>ii. Ecosystems and ecosystem services</li> </ul> </li> <li>• Government plans, policy and programmes</li> </ul>
<b>Ministry of Population and Environment</b>	<ul style="list-style-type: none"> <li>• Lead and coordinate climate change policy coherence, integration, and policy studies.</li> <li>• As a focal point to the UNFCCC, coordinate and facilitate engagement of national processes with the UNFCCC.</li> </ul>	<ul style="list-style-type: none"> <li>• Climate relevant ministries and relevant national and international agencies</li> </ul>



Key Stakeholders	Roles and Responsibilities	Priority Engagement Sectors
<b>PRIVATE SECTOR &amp; FINANCIAL INSTITUTIONS</b>		
<b>Financial Institutions e.g. Commercial and Development Banks, Cooperatives, Association of Private Sector, Insurance Companies, Micro, Small and Medium Enterprises (MSMEs)</b>	<ul style="list-style-type: none"> <li>Active in the national process to leverage GCF resources for adaptation, climate resilience, renewable energy, energy efficiency and sustainability in communities' projects.</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building of different private sector groups and local institutions including MSMEs.</li> </ul>
<b>Financial Institutions e.g. Commercial and Development Banks, Cooperatives, Association of Private Sector, Insurance Companies, Micro, Small and Medium Enterprises (MSMEs)</b>	<ul style="list-style-type: none"> <li>Advise the private sector on opportunities and challenges in engaging with the GCF for appropriate policy and decision-making processes in Climate Finance Steering Committee, Technical Committee and existing climate change institutional structure.</li> <li>Promote investment in green technologies and low carbon development pathways.</li> <li>Scope nationally relevant and innovative mechanism to use GCF flexible financial instruments (including debt, equity and guarantees).</li> <li>Scope use of GCF private sector facility for nationally relevant low carbon climate resilience project and programme.</li> <li>Take part in regular country meeting or national planning/dialogue exercise.</li> </ul>	<ul style="list-style-type: none"> <li>GCF encourages private sector engagement to achieve meaningful impact on eight result areas and five investment priorities to demonstrate sustainable and productive end use of the GCF fund.</li> <li>Private sector should regularly engage with GoN stakeholders to demonstrate their potential in GCF process and GCF funded projects/programmes.</li> <li>Should not limit to focus or center upon their own area expertise.</li> </ul>

Key Stakeholders	Roles and Responsibilities	Priority Engagement Sectors
<b>CIVIL SOCIETY ORGANIZATIONS (CSO)</b>		
<b>National/Local NGOs/ CBOs</b> <b>International NGOs</b> <b>Climate Change Related Federation, Network and Groups</b> <b>Federation representing Women, Indigenous and Marginalized Groups</b>	<ul style="list-style-type: none"> <li>• Provide evidence based inputs in the planning process with bringing voices and concerns of local people.</li> <li>• Advocate civil society perspectives during the GCF policy process in Climate Finance Steering Committee and existing institutional structures.</li> <li>• Support to GCF engagement by incorporating civil society voices in the country strategic framework and climate change national priorities.</li> <li>• Provide substantial inputs on performance standards based on environment and social safeguards framework and developing the gender action plan of the project.</li> <li>• Advocate for mainstreaming gender and social inclusion in climate finance processes.</li> <li>• Strengthen advocacy and communicate to civil societies and local communities on national climate finance issues.</li> <li>• Active participation to ensure low carbon and climate resilient societies.</li> <li>• Share good practices and challenges in national and international forums.</li> </ul>	<ul style="list-style-type: none"> <li>• Engages regularly to raise their voice with GoN stakeholders in GCF process and GCF funded projects/programmes</li> <li>• Advocate nationally relevant low carbon climate resilient strategic options and lesson learnt to GoN targeting GCF eight result areas and five investment priorities.</li> <li>• Capacity building and awareness raising of poor and vulnerable communities and CBOs on climate change and GCF issues</li> <li>• Promotion of low carbon technology and climate resilient livelihoods to society</li> <li>• Build communities capacity to manage Climate hazards and disasters risk</li> </ul>
	<ul style="list-style-type: none"> <li>• Take part in regular country meetings or national planning/dialogue exercises.</li> <li>• Drive CSOs to engage in innovative implementation of GCF eight result areas and priority projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot/demonstrate social protection scheme/ measures in the context of climate change</li> <li>• Sharing of learning and good practices at different forums</li> </ul>

Key Stakeholders	Roles and Responsibilities	Priority Engagement Sectors
<b>ACADEMIC INSTITUTIONS</b>		
<ul style="list-style-type: none"> <li>• <b>National Universities</b></li> <li>• <b>Research Centre/ institutions / Think Tanks</b></li> <li>• <b>Knowledge Centre</b></li> </ul>	<ul style="list-style-type: none"> <li>• Take lead in research and development in the areas of climate change to define knowledge gaps and research areas and validation of information generated</li> <li>• Take lead in gathering scientific evidence and knowledge to adopt appropriate low carbon climate resilient development pathway in GCF result areas and investment priorities</li> <li>• Exchange and disseminate climate change related knowledge through publications, national dialogues and public forums.</li> <li>• Drive academician to invest their priorities to generate information on GCF eight result areas and investment priorities.</li> <li>• Develop and enhance capacity of institutions and human resources through delivering capacity development support on climate-related skills and knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>• Academic institutions regularly engage with GoN stakeholders in GCF process and GCF funded projects/programmes by elucidating science-based evidences in eight result areas and investment priorities.</li> <li>• Climate Change Knowledge management - documentation and dissemination.</li> <li>• Think tank - feedback on policy, strategy and practice.</li> <li>• Incorporate low carbon and climate resilience syllabus in higher education curriculum.</li> <li>• Promote innovation to combat climate change at national level.</li> </ul>
<b>ACCREDITED ENTITY</b>		
<p><b>Direct (National: Government, Private Sector, Financial Institutions, CSOs, MSMEs)</b></p> <p><b>Indirect (International: UN Agencies, Multilateral Banks, International Agencies)</b></p>	<ul style="list-style-type: none"> <li>• Advance the objectives of the GCF to achieve a climate resilient and low carbon development pathway in Nepal.</li> <li>• Drive and mobilize government, civil society and private sectors to develop potential funding proposals to engage with GCF in eight result areas and investment priorities.</li> <li>• Manage and execute GCF funded projects and programmes in compliance with fiduciary standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage regularly with the NDA and all other concerned national stakeholders in GCF processes.</li> <li>• AEs should drive national agenda on low carbon and climate resilient development and engage regularly with all concerned stakeholder in GCF processes.</li> </ul>

Key Stakeholders	Roles and Responsibilities	Priority Engagement Sectors
<b>Direct (National: Government, Private Sector, Financial Institutions, CSOs, MSMEs)</b> <b>Indirect (International: UN Agencies, Multilateral Banks, International Agencies)</b>	<ul style="list-style-type: none"> <li>Ensure compliance with GCF related policies such as environment and social safeguard and gender.</li> <li>Coordinate with the NDA and government implementing/executing entities in management and delivery of the projects / programmes.</li> <li>Indirect (International) entities shall provide technical assistance to NDA, national DAEs and relevant stakeholders for capacity building through readiness &amp; preparatory support.</li> <li>Engage in regular country meetings or national planning/dialogue exercises and participate in relevant forums.</li> </ul>	<ul style="list-style-type: none"> <li>In line with GCF criteria, achieve high-impact results and systemic changes.</li> <li>Engage and regularly report to NDA and government implementing entity.</li> </ul>

### 5.3 Accredited Entities (AEs) and Executing Entities (EEs)

Accredited Entities (AEs) are institutions which have been formally approved by the GCF. AEs can also function as Executing Entities (EEs) by

directly implementing programmes and projects (*the roles of AEs and EEs are outlined in Table 4*). EEs are responsible and accountable to AEs and not the GCF, while AEs are directly responsible to the GCF.

**Table 4: Function of Entities**

Entity	Role
<b>Accredited Entity</b>	<ol style="list-style-type: none"> <li>Management and delivery of project/programme activities to achieve specified results;</li> <li>Responsible for the project cycle management services with due diligence management of a project throughout the entire project cycle;</li> <li>Accountable to development partners for the cost effective use of donor funds in the implementation of project activities; and</li> <li>Work as an implementing entity.</li> </ol>
<b>Executing Entity</b>	<ol style="list-style-type: none"> <li>Responsibility for specific project/programme activities and acceptance of accountability for results;</li> <li>Accountable to AE and responsible for the day-to-day activities of the project;</li> <li>Work as an implementing entity;</li> <li>Responsible for following all fiduciary policies and procedures of the AE as well as national policies and procedures of the beneficiary country; and</li> <li>Receive Project Management Cost of 5-10% to finance the execution functions of an Executing Partner/Executing Entity.</li> </ol>

# Accreditation Process for National Entities





# 6. Accreditation Process for National Entities

## 6.1. Introduction

The GCF provides opportunities for developing countries to access resources directly through national entities. However, national institutions need to be accredited with the GCF by meeting the minimum eligibility criteria as indicated in Table 5 and must be nominated by the NDA. The accreditation of national institutions under the direct access modality will help countries to: (i) Strengthen national institutions; (ii) build strong country ownership and accountability; (iii) codify systems and processes; (iv) achieve increased international recognition; and (v), deal directly with the GCF instead of through an international third party.

## 6.2. Accreditation: Criteria and Standards

Once an entity submits an application to the GCF, the GCF reviews the entity's portfolio on the basis of the standards

prepared by the GCF under its 'Accreditation Process'. The standards and the evaluation stages are provided below.

### 6.2.1 GCF Standards

Institutions seeking GCF accreditation for the direct access modality, will be assessed against three basic criteria of GCF: (i) Fiduciary Principles and Standards, (ii) Environmental and Social Safeguards, and (iii) Gender Policy.

#### 6.2.1.1 Fiduciary Principles and Standards:

An entity seeking accreditation to the GCF to access its resources needs to demonstrate that it has capacity to meet these five elements under (i) basic fiduciary standards and (ii) specialized fiduciary standards. The basic fiduciary standards assess (i) administrative and financial capacities and (ii) transparency and accountability. Whereas, the

**Once an entity submits an application to the GCF, the GCF reviews the entity's portfolio on the basis of the standards prepared by the GCF under its 'Accreditation Process'.**

**Table 5: Minimum Eligibility Criteria for DAE Accreditation**

SN	Criteria	Description
1.	<b>Legal Personality</b>	Institutions are required to have a legal personality (entity needs its own full legal capacity to undertake the intended activities and become an accredited entity).
2.	<b>Institutional Capacity</b>	Institutions need to have a strong institutional capacity with appropriate policies, procedures, guidelines etc. at the organizational level (to undertake the intended activities and become an accredited entity)
3.	<b>Track Record</b>	Institutions need to have a track record to demonstrate that policies, procedures, guidelines, etc. are being implemented by the organization and that the organization has project management experience

**Table 6: Elements of the basic and specialized fiduciary standards**

Basic Fiduciary Standards	Specialized Fiduciary Standards
<p><b>Key administrative and financial standards:</b></p> <p>This includes the entity's general management and administrative capacities, financial management and accounting, internal and external audit, control frameworks and procurement process.</p>	<p><b>Project management experience:</b></p> <p>Entity needs to demonstrate experience on i) project identification, preparation and appraisal; ii) project oversight and control; iii) monitoring and evaluation and iv) project-at-risk systems and related project risk management capabilities.</p>
<p><b>Transparency and accountability standards:</b></p> <p>This includes entity's codes of ethics, disclosure of conflicts of interest, preventing financial mismanagement, investigation, anti-money laundering and anti-terrorist financing polices.</p>	<p><b>Grant award and/or funding allocation mechanisms:</b></p> <p>Entity procedures on i) grant award; ii) public access to information; iii) transparent allocation of financial resources; and iv) good standing for financial requirements with regard to multilateral funding.</p>
	<p><b>On-lending and/or blending:</b></p> <ol style="list-style-type: none"> <li>i. Institutions need to provide the following evidence if the entity wishes to become accredited to conduct on-lending or blending.</li> <li>ii. Prove appropriate registration and/or licensing by a financial oversight body or regulator in the country and/or internationally as applicable;</li> <li>iii. Expose track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multi-lateral sources;</li> <li>iv. Show adequate credit worthiness;</li> <li>v. Conduct due diligence polices, processes and procedures;</li> <li>vi. Ensure financial resource management, including analysis of the lending portfolio of the intermediary;</li> <li>vii. Ensure public access to information on beneficiaries and results;</li> <li>viii. Demonstrate investment management, policies and systems, including in relation to portfolio management;</li> <li>ix. Prove capacity to channel funds transparently and effectively, and to transfer the GCFs funding advantages to final beneficiaries;</li> <li>x. Manage financial risk management, including asset liability management; and</li> <li>xi. Illustrate governance and organizational arrangements, including relationships between the treasury function and the operational side.</li> </ol>



specialized fiduciary standards assess (i) project management, (ii) grant award mechanisms, and (iii) on-lending and blending (these standards are described in Table 6).<sup>17</sup>

### 6.2.1.2 Environmental and Social Safeguards:

The Environmental and Social Safeguards (ESS) are measures taken to prevent and mitigate possible undue harm to people and the environment. The GCF's ESS are based on eight performance standards:

1. Assessment and management of environmental and social risks and impact;
2. Labor and working conditions;
3. Resource efficiency and pollution prevention;
4. Community health, safety and security;
5. Land acquisition and involuntary resettlement;
6. Biodiversity conservation and sustainable management of living natural resources;
7. Indigenous peoples; and
8. Cultural heritage

**Table 7: Risk Level of GCF Projects/Programmes**

Risk level	Category	Definition	Example
<b>High</b>	<b>A</b>	Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented	Large scale infrastructure projects (dams, transport), large scale resettlement
<b>Medium</b>	<b>B</b>	Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures	Agriculture projects (drought resistant seeds, changing agriculture practices), protected areas management, water management
<b>Minimal or No</b>	<b>C</b>	Activities with minimal or no adverse environmental and/or social risks and/or impacts	Policy development, capacity development, vulnerability assessment

Entities seeking accreditation to the GCF to access resources need to be able demonstrate capacity to manage these performance standards. The GCF will specify a risk category for environment and social safeguard standard function as follows (Table 7);

### 6.2.1.3 Gender Policy and Action Plan:

The GCF considers gender as an important criterion for accreditation. Entities seeking accreditation to the

GCF should demonstrate a contribution to gender equality and achieve greater and more sustainable climate change results, outcomes and impact.

The GCF gender policy has six fundamental principles as:

1. Commitment to gender equality and equity;
2. Inclusiveness in terms of applicability to all the GCF funded activities;

<sup>17</sup> GCF 2014. GCF/B.07.11. Annex I: Initial guiding framework for the Fund's accreditation process. Pg14: [http://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_11\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_\\_18-21\\_May\\_2014.pdf](http://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board__18-21_May_2014.pdf)

**Table 8: Fit for Purpose Accreditation Approach**

Size	Environmental Risk Category	Fiduciary Function
Micro (up to US\$ 10 M)	Low risk/Category C	Project Management
Small (US\$ 10-50 M)	Medium risk/Category B	Grants
Medium (US\$ 50-250 M)	High risk/Category A	On-lending/Blending
Large (US\$ over 250 M)		

3. Accountability for gender and climate change results and impacts;
4. Country ownership in terms of alignment with national policies and priorities and inclusive stakeholder participation;
5. Competencies throughout the GCF institutional framework; and
6. Equitable resource allocation so that women and men benefit equitably from the GCF's adaptation and mitigation activities.

Entities seeking accreditation to the GCF need to demonstrate capacity to manage these fundamental principles.

### 6.2.2 Fit-For-Purpose for Accreditation Approach

Fit-for-Purpose is an approach criterion set by the GCF to evaluate accreditation applications. Entities are accredited based on their capacity and their track record to undertake projects or programmes using different financial instruments, while the institutional environment and social risk categories are assessed against the standards of the GCF. The result of the accreditation process will specify the project or programme activity size; fiduciary function (whether entities can access grants, loans, equity and/or guarantees); and the highest category

of environment and social risk of its intended projects.

The fit-for-purpose accreditation approach recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities, in advancing the objectives of the GCF. Over time, accredited entities can upgrade their accreditation level to advance on their fiduciary function as well as financial access. However, the AE will need to go through a re-application process.

#### 6.2.2.1 Project Size:

For GCF funding, projects or programmes fall into one of four project size categories. Institutions can be accredited to implement projects/programmes with budgets of maximum (including co-financing) USD 10 million, USD 50 million, USD 250 million and over USD 250 million. Institutions can only receive funding from the GCF for projects or activities that are the same size or smaller than projects that they have undertaken in the past. For example, if an institution wants to get accredited to implement up to USD 50 million, it must provide evidence that it has the capacity to manage projects as required by the small size category. The project size accounts to the total of funds sought from GCF and the funds allocated for co-financing.

**it must provide evidence that it has the capacity to manage projects as required by the small size category. The project size accounts to the total of funds sought from GCF and the funds allocated for co-financing.**

### 6.2.2.2 Environment Risk Category

Institutions should provide evidence of policy, programmes and institutional arrangement to manage projects or programmes of three risk categories (Refer Table 8). For example, an entity assigned a risk category of Category B, can propose and undertake projects or programmes with a risk level of Category B or at the lower level of risk Category C projects. The entity would not be accredited or eligible to propose or undertake projects or programmes that are defined as a higher risk level under Category A.

### 6.2.2.3 Fiduciary Functions

Institutions willing to be accredited with the GCF need to fulfill the fiduciary function as outlined in the Fit-for-Purpose for accreditation (Refer to Table 8). In order to access GCF funding, an entity will need to possess the basic fiduciary standards that comprise of a set of administrative and financial capacities and requirements for transparency and accountability. Institutions need to prove appropriate registration licensing by a financial oversight body or regulators. It should also demonstrate a track record, institutional experience, and capacities for on-lending and blending its own and external resources. An entity accredited only for one category is not eligible for functioning under another risk category. For example, an institution accredited only for grants is not eligible for on leading/blending. However, entities accredited for all specialized three categories can undertake functions that include project management, grant provision and on-lending/blending.

## 6.3. National Accreditation Process

### 6.3.1 Accreditation Stages and Process

All national institutions that meet the GCF accreditation criteria and procedures are eligible for the accredited entity status. Nepal has decided to follow the national accreditation process in line with the GCF's accreditation process. The NDA will hold calls for national entities in a competitive process for the selection of DAEs. There are four stages:

1. National Call for Entities
2. Online Application Submission
3. Accreditation Review
4. Legal Arrangement

The stage 1 and 2 will be undertaken at the national level whereas Stage 3 and 4 will take place at the GCF Secretariat and Board level (Figure 6).

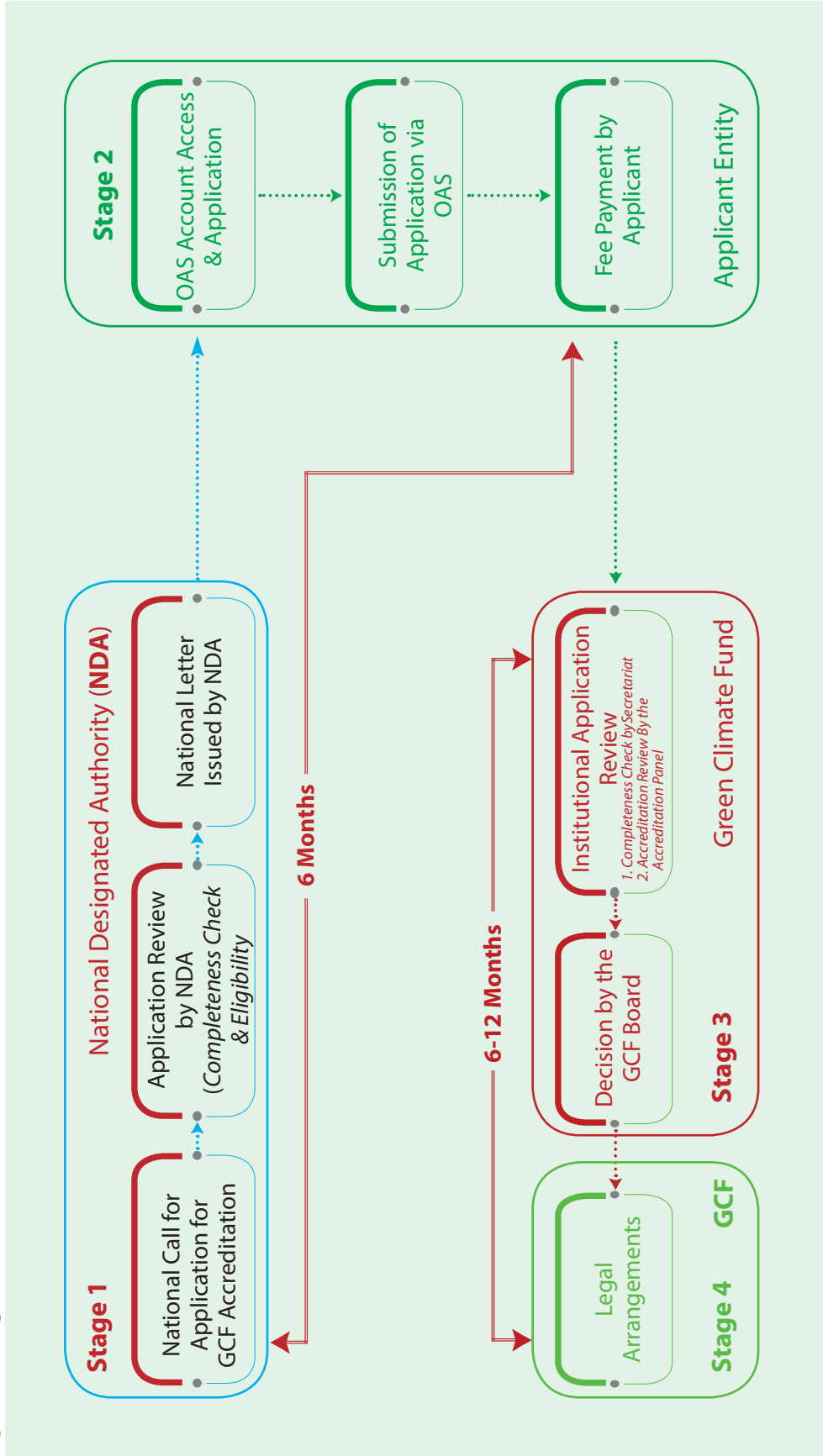
The detailed process with the responsibility and timeline for accreditation of national accredited entities is described below (Table 9).

### 6.3.2 Timeline of the Application Process

The Nepal NDA will put out a call for application for DAEs accreditation through public notice and on the MoF's website. The accreditation application process can take between 1 year to 1.5 years (6 months at national level and 6 months to 1 year at GCF level) from the initial submission to review at the GCF board meeting and making of the final decision. The timeline can vary based on the capacity and experience demonstrated by the entity, and the readiness of the applicant to response to GCF in a systematic and correct manner.

**All national institutions that meet the GCF accreditation criteria and procedures are eligible for the accredited entity status. Nepal has decided to follow the national accreditation process in line with the GCF's accreditation process.**

**Figure 6: Stages and Timeline of Accreditation Process**



**Table 9: Accreditation Stages and Processes**

SN	Process	Responsibility
<b>STAGE 1: NATIONAL CALL FOR ENTITIES</b>		
I	<p>CALL FOR APPLICATION</p> <p>NDA issues a call through a public notice (national newspapers) and the MoF website.</p> <p>A standard template will be provided for the application (<i>please see Annex 2 for the format of the call for national organizations for accreditation</i>).</p>	National Designated Authority/ Ministry of Finance
II	<p>ENTITY SELF-ASSESSMENT</p> <p>Quick one-page self-assessment tool to allow an entity to assess whether it fulfills the basic criteria to be accredited (<i>please see Annex 3 for the self assessment format</i>)</p>	Applicants
III	<p>APPLICATION REVIEW</p> <p>NDA checks eligibility.</p> <p>NDA determines eligibility of applicants based on their appropriateness in achieving national and GCF objectives, and ability to accredit (<i>please see Annex 4 for Evaluation criteria for applicants</i>).</p>	NDA
IV	NDA issues Nomination Letter <sup>18</sup> to selected applicant(s) ( <i>Please see Annex 5 for the nomination letter</i> ).	NDA
<b>STAGE 2: GCF ACCREDITATION APPLICATION</b>		
I	The GCF Online Accreditation System Application Form <sup>19</sup> submitted by the entity Orientation and capacity building support to the applicants to fill out the application form	Applicant
II	Submission of On-Line Accreditation Application	
III	Payment of Application Fee by the applicants <sup>20</sup>	
<b>STAGE 3: ACCREDITATION REVIEW</b>		
I	<p>COMPLETENESS CHECK</p> <p>The GCF has published the checklist used to assess applications. This checklist refers to Stage 1 criteria. Applicants that wish to ensure they have provided the correct materials in their application should make use of this checklist.</p>	GCF Secretariat

<sup>18</sup> GCF 2017. [https://www.greenclimate.fund/documents/20182/114264/1.4\\_-\\_NDA\\_FP\\_Nomination\\_Letter\\_for\\_Application.docx](https://www.greenclimate.fund/documents/20182/114264/1.4_-_NDA_FP_Nomination_Letter_for_Application.docx) Access: July 2017

<sup>19</sup> GCF 3017. [https://accreditation.gcfund.org/\\_layouts/15/GCFLOGIN](https://accreditation.gcfund.org/_layouts/15/GCFLOGIN) Accessed: July 2017

<sup>20</sup> GCF/B.08.45. Annex VI. Page 46. [https://www.greenclimate.fund/documents/20182/319135/1.10\\_-\\_Policy\\_on\\_Accreditation\\_Fees.pdf](https://www.greenclimate.fund/documents/20182/319135/1.10_-_Policy_on_Accreditation_Fees.pdf)

SN	Process	Responsibility
II	<p><b>REVIEW &amp; DECISION</b></p> <p>The GCF has published the checklist used to assess applications. This checklist refers to Stage 2 criteria. Applicants that wish to ensure they have provided the correct materials in their application should make use of this checklist.</p> <p>The Accreditation Panel will make recommendations to the Board on the entity based on Fiduciary Functions, Maximum size of individual project/activity, Maximum Environmental and Social Risk Category, and Sectors.</p>	GCF Board / Secretariat
<b>STAGE 4: LEGAL ARRANGEMENTS</b>		
	An Entity Accredited by GCF is forwarded confirmation on Board's decision	GCF Board / Secretariat
	Finalization and signature of the Accreditation Master Agreement (AMA) between the GCF and the AE	

# Developing Funding Proposals







# 7. Developing Funding Proposals

## 7.1 Funding Proposal Development

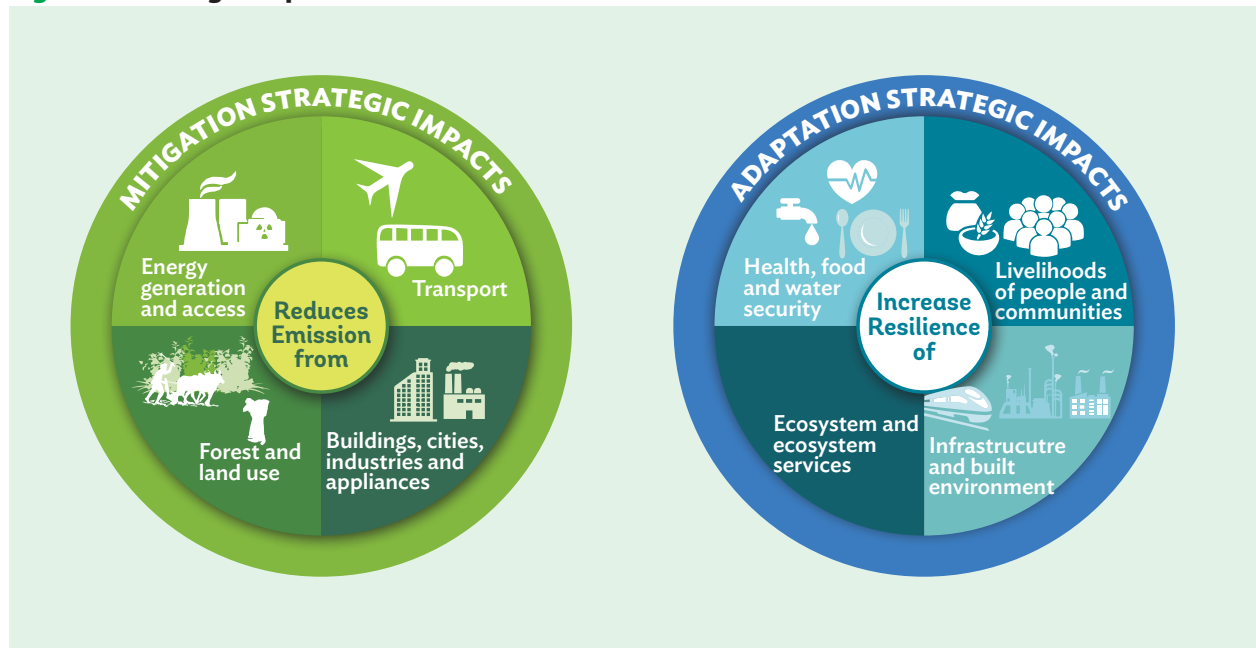
The GCF finances climate resilient and low-emission projects and programmes that contribute towards achieving at least one of its eight strategic impact areas. Accredited entities can apply for funding proposals in line with national climate change policies and priorities. In the absence of national accredited entities, the NDA can endorse projects and programmes developed with indirect (international) accredited entities. In the near future, Nepal shall prioritize submission of funding proposal through national DAEs.

## 7.2 Strategic Areas Supported by the GCF

The GCF has prioritized eight strategic impacts areas as illustrated in Figure 7. The investment sought by projects must drive paradigm shifts towards low emission economic growth and climate resilience. This will enable countries to ensure a strategic approach when developing projects and at the same time respect Nepal's needs and priorities as elaborated in Table 10. While making decisions for investments in projects, GCF will seek to strike a balance between national priorities, potential to deliver concrete climate benefits, cost considerations, and opportunities to deliver co-benefits. The details of adaptation and

**Accredited entities can apply for funding proposals in line with national climate change policies and priorities.**

**Figure 7: Strategic Impact Areas of Green Climate Fund**



(Source: Adopted from GCF, 2017)

**GCF resources achieve a paradigm shift towards low-emission and climate resilience development, the GCF has outlined six high-level Investment Criteria and relevant activity-specific sub-criteria that all project proposals are expected to robustly respond (these are outlined in Annex 6).**

mitigation strategic impacts areas and potential GCF investments options are illustrated in Annex 6.

The GCF has identified five high potential investment priorities. These areas are particularly promising for the GCF to encourage investment and programming efforts, as these investment priorities will result in integrated approach to achieving mitigation and adaptation action. The five investment priorities cluster the eight results areas, aiming to achieve cross-cutting benefits in an efficient and impactful way. In all of the investment priorities, there is a strong link between national and international policies, institutional incentives and the outcome that the GCF seek to help realize. The five investment priority areas<sup>21</sup> are as follows:

1. Climate compatible cities;
2. Sustainable low emission, climate resilient agriculture;
3. Scaled up finance for forests and climate change;
4. Enhanced resilience in Small Island Developing States; and
5. Transformed energy generation and access.

In addition, to ensure that GCF resources achieve a paradigm shift towards low-emission and climate resilience development, the GCF has outlined six high-level Investment Criteria and relevant activity-specific sub-criteria that all project proposals are expected to robustly respond (*these are outlined in Annex 6*). The Investment Criteria are presented below in figure 8.

**Table 10: Investment Criteria<sup>22</sup>**

Criterion	Definition
Impact Potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas.
Paradigm Shift Potential	Degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment.
Sustainable Shift Potential	Wider benefits and priorities, including environmental, social, and economic co-benefits as well as gender-sensitive development impact.
Responsive to Recipient Needs	Vulnerability and financing needs of the beneficiary country and population in the targeted group.
Promote Country Ownership	Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions).
Efficiency & Effectiveness	Economic and, if appropriate, financial soundness of the programme/project, and for mitigation-specific programmes/projects, cost-effectiveness and co-financing.

### 7.3 Linking GCF Strategic Impacts to Climate Change Priority Areas In Nepal

Nepal has defined national priorities and commitments through national policies, strategies and plans with regards to climate change. Some of the key national priorities related to investment opportunities for the GCF fund are as follows (see Table 11):

<sup>21</sup> GCF 2014. GCF/B.07/11. [http://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_11\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_\\_18-21\\_May\\_2014.pdf](http://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board__18-21_May_2014.pdf)

<sup>22</sup> GCF. 2015. GCF/B.09/07. 2015. Annex III. Further Development of the Initial Investment Framework: Sub-Criteria and Methodology. [http://www.greenclimate.fund/documents/20182/24949/GCF\\_B.09\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_Ninth\\_Meeting\\_of\\_the\\_Board\\_\\_24\\_-\\_26\\_March\\_2015.pdf](http://www.greenclimate.fund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board__Ninth_Meeting_of_the_Board__24_-_26_March_2015.pdf)

**Table 11: Alignment of GCF Adaptation Impact Areas with Nepal's Adaptation Priority Areas**

GCF Strategic Impact Areas		Livelihoods of people and communities	Health, food and water Security	Infrastructure and built environment	Ecosystems and ecosystem services
<b>Nepal's Priority Areas</b>					
<b>Climate Change Policy 2011</b>	<ul style="list-style-type: none"> <li>Forecast water-induced disaster and risks</li> <li>Farmers' schools to conserve local crop varieties, promote local and indigenous knowledge and technologies</li> <li>Utilization and conservation of forest resources as a means of alternative livelihood</li> </ul>	<ul style="list-style-type: none"> <li>Develop modern water conservation technologies for flood control and irrigation systems.</li> <li>Forecasting and prevention of vector-borne, infectious and communicable diseases</li> <li>Developing and expanding low methane emitting agricultural technologies</li> <li>Developing drought and floods tolerant crop varieties</li> </ul>	<ul style="list-style-type: none"> <li>Formulate and implement standards for climate resilient bridges, dams and other infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Soil and water conservation through source protection, rainwater harvesting and environmental sanitation.</li> <li>Sustainable management of forests, agro-forestry, pastures, rangeland and soil conservation</li> <li>Basin approach for water management</li> </ul>	
<b>National Adaptation Programme of Action (NAPA)</b>	<ul style="list-style-type: none"> <li>DRR practices for strengthening resilience, diversifying livelihood, planning and providing insurance and developing early warning system</li> <li>Community-led DRR programmes and initiatives</li> <li>Support Glacier Lakes Outburst Floods (GLOF) vulnerable communities through alternative livelihood opportunities like agriculture, forest based</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of better-suited crop varieties, adoption of organic farming techniques, on-farm water management, and establishment of farmer's cooperatives</li> <li>Sustainable agricultural land use system, agro biodiversity management</li> <li>Water supply and sanitation programmes in both rural and town areas</li> </ul>	<ul style="list-style-type: none"> <li>Installation of disaster risk reduction structures (e.g. early warning system)</li> </ul>	<ul style="list-style-type: none"> <li>Ensure ecosystem health and services through watershed and landscape level planning and management</li> </ul>	

GCF Strategic Impact Areas	Livelihoods of people and communities	Health, food and water Security	Infrastructure and built environment	Ecosystems and ecosystem services
Nepal's Priority Areas				
14th Plan (2016/17 – 2018/19)	<ul style="list-style-type: none"> <li>• Conduct environment education</li> <li>• Conserve local crop varieties including bio diversity and promote climate friendly agriculture</li> <li>• Develop environment friendly agriculture by minimizing the negative impacts of climate change and use climate smart technology</li> <li>• Monitoring and forecasting of GLOF</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of infectious disease and prevention of vector borne and infectious disease</li> <li>• Awareness programme on environmental sanitation</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on the construction of infrastructure that are environment friendly and resilient to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Mainstream climate change adaptation/ resilience/ ecosystem based adaptation and implementation of REDD</li> <li>• Capacity building of local people for adaptation and mitigation of negative impact of climate change in ecosystem</li> </ul>
Sectoral Policy, Plans and Strategies	<p><b>National Strategy for Disaster Risk Management 2009</b></p> <ul style="list-style-type: none"> <li>• Prepare hazard and risk maps of vulnerable areas</li> <li>• Restore livelihoods by extending income-generating opportunities</li> </ul>	<p><b>Agriculture Development Strategy Action Plan 2014</b></p> <ul style="list-style-type: none"> <li>• Improved resilience of farmers to climate change, disasters, price volatility, and other shocks</li> <li>• Develop modern water conservation technologies for flood control, irrigation systems,</li> </ul>		<p><b>Nepal National Biodiversity Strategy and Action plan 2014-2020</b></p> <ul style="list-style-type: none"> <li>• Enhancing forest based livelihood (promoting PES).</li> <li>• Improvement in conservation of biodiversity in community-managed forests.</li> </ul>

**ALIGNMENT OF GCF MITIGATION IMPACT AREAS WITH NEPAL'S MITIGATION PRIORITY AREAS**

GCF Strategic Impact Area	Energy generation and access	Transport	Building cities, industries and appliances	Forest and Land use
<p><b>Nepal's Priority Areas</b></p> <p><b>Climate Change Policy</b></p>	<ul style="list-style-type: none"> <li>• Reduce GHG emissions through development and utilization of clean, renewable and alternative energy</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and promote transport industries that use electricity (electric train, ropeway, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Auditing of energy intensity of industries every two years</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon sequestration through scientific management of forests, formulation of land use plan and control of deforestation</li> <li>• Develop scientific land use system</li> </ul>
<p><b>Nationally Determined Contributions (NDC)</b></p>	<ul style="list-style-type: none"> <li>• Generation and utilization of hydroelectricity</li> <li>• Scaling-up production of renewable energy technologies by 2030</li> <li>• Energy generation from waste</li> </ul>	<ul style="list-style-type: none"> <li>• Develop environment friendly sustainable transport system, such as bicycles and non-motorized transport</li> <li>• Introduce fuel tax for air quality improvement in Kathmandu valley</li> <li>• Promote transport industries that use electricity eg. electric train, rope way, cable car etc.</li> </ul>	<ul style="list-style-type: none"> <li>• By 2025, Nepal will strive to decrease the rate of air pollution through proper monitoring of source of air pollutants like wastes, old and unmaintained vehicles, and industries</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain at least 40% of the total land area of the country under forest</li> <li>• Reduce about 14 million tons of CO2-eq by 2020 by addressing the drivers of deforestation and forest degradation</li> <li>• Widen carbon storage through sustainable forest management</li> <li>• Optimum utilization and implementation of REDD+ policies</li> <li>• Formulation and implementing scientific land use plans</li> </ul>
<p><b>14th Plan (2016/17 -2018/19)</b></p>	<ul style="list-style-type: none"> <li>• Construction and development of reservoir based hydropower projects</li> <li>• Generation of electricity from small and micro hydropower</li> </ul>	<ul style="list-style-type: none"> <li>• Build a Mechi-Mahakali electric railway</li> <li>• Promotion of energy during the construction of roads network</li> </ul>	<ul style="list-style-type: none"> <li>• Promote climate smart villages</li> </ul>	<ul style="list-style-type: none"> <li>• Programme on the land management and watershed management and mitigation of the impacts of climate change and natural disasters</li> <li>• Development of green entrepreneurs</li> </ul>

GCF Strategic Impact Area	Energy generation and access	Transport	Building cities, industries and appliances	Forest and Land use
Nepal's Priority Areas	<ul style="list-style-type: none"> <li>Construction and promotion of biogas, ICS and bio-briquettes focusing on household level</li> </ul>			
Low Carbon Economic Development Strategy (draft)	<ul style="list-style-type: none"> <li>Solar and wind energy promotion particularly in government and public buildings within 5 years</li> <li>Conservation and development of indigenous technology that consumes less energy</li> </ul>	<ul style="list-style-type: none"> <li>Promote environment friendly transport operated by clean energy</li> </ul>		
Sectoral Policy, Plans, and Strategies	<p><b>National Energy Policy, 2013</b></p> <ul style="list-style-type: none"> <li>Ensure sustainability in the consumption of biomass energy resources such as improved cooking stoves</li> <li>Promote renewable energy technologies (solar and wind)</li> <li>Minimize detrimental environmental effects resulting from energy supply and use</li> </ul>	<p><b>National Sustainable Transport Strategy (NSTS) for Nepal (draft) (2015- 2040)</b></p> <ul style="list-style-type: none"> <li>Maintain the standard of vehicle or engine condition</li> <li>Promote electric vehicles</li> <li>Greening the freight transport</li> </ul>	<p><b>National Urban Development Strategy-2017</b></p> <ul style="list-style-type: none"> <li>Promote environment, heritage and tourism friendly economic functions in the Kathmandu Valley</li> <li>Promote optimal use of solar energy for all purposes</li> </ul>	<p><b>Forestry Sector Policy, 2015</b></p> <ul style="list-style-type: none"> <li>Protect land from degradation by soil erosion, floods, landslides, desertification, and other ecological disturbances</li> <li>Conserve and sustainably use biological diversity and genetic resources for the maintenance of prevailing ecosystems</li> </ul>

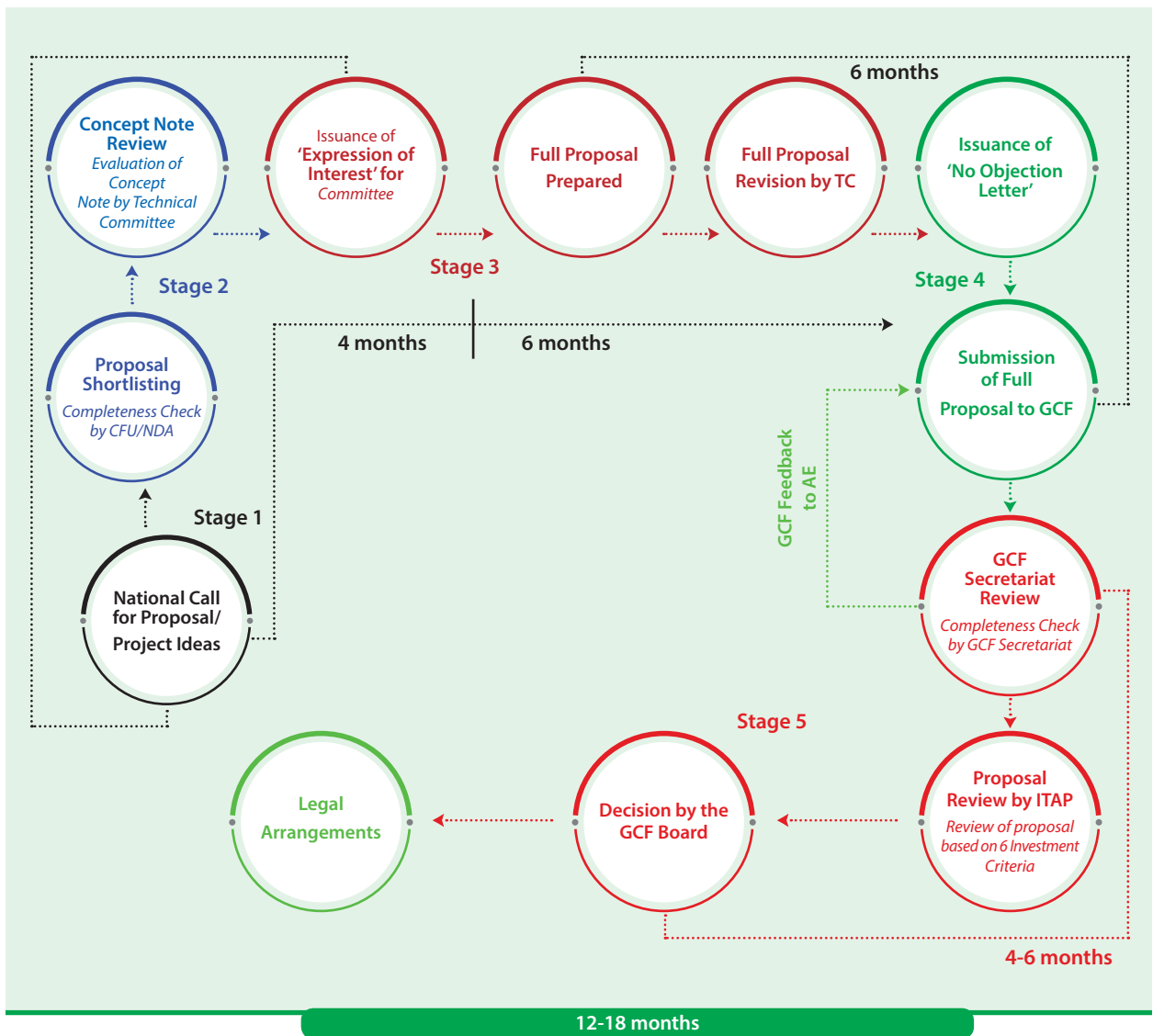
(Source: MoF 2017)<sup>23</sup><sup>23</sup> MoF 2017. Harnessing GCF Resources for Nepal. Information Briefs. Kathmandu, Nepal.

### 7.4 Stages and Processes of Funding Proposal Development and Submission

The GCF mandates that NDA coordinate accreditation, funding proposal development and the submission process at the national level. In addition, the NDA needs to ensure that proposals or concept notes are developed based on GCF investment guidelines.

The funding proposal development process has 5 stages illustrated in Figure 8. Stage 1, 2 and 3 will be undertaken at the national level whereas Stage 4 takes place at GCF Secretariat. Stage 5 includes technical evaluation of the funding proposal by the Independent Technical Advisory Panel (ITAP) and the decision by the Board.

**Figure 8: Stages of Funding Proposal Development Fund**



## 7.5 Funding Proposal Development, Approval Stages and Processes

The process, timeline and responsibility for funding proposal development and approval has been presented in Table 12 below:

**Table 12: Process, Timeline and Responsibilities for Funding Proposal Development**

STAGE	PROCESS AND TIMELINE	RESPONSIBLE
<b>STAGE 1: PROJECT IDEA CALL BY THE NDA</b>		
	<ul style="list-style-type: none"> <li>NDA calls for project idea through <b>public notice</b> as per GoN rules and regulations.</li> <li>A standard template will be provided for the application. <i>See Annex 7 national template for GCF concept note/ proposal preparation.</i><sup>24</sup></li> </ul>	National Designated Authority (NDA)/ Ministry of Finance
<b>STAGE 2: REVIEW OF THE PROJECT IDEA</b>		
	<ul style="list-style-type: none"> <li><b>Short-List:</b> The Climate Finance Unit prepares a long-list of applicants on the basis of the submitted documents. From those who have applied, the CF Unit will prepare a short-list of the applicants who meet the minimum requirements as highlighted in the application form.</li> <li><b>Proposal Evaluation</b></li> <li>The short-listed project idea notes are shared with the Technical Committee for a thorough technical evaluation.</li> <li>The technical evaluation is carried out by the Technical Committee on the basis of the Evaluation Guidance Document prepared on the basis of the GCF Strategic Result Areas and Investment Framework (<i>please see Annex 8 for the evaluation criteria of the proposal and concept note.</i></li> </ul> <p><i>(please see Annex 9 for the criteria and indicators for projects/ programmes Riterial and Indicators for the Programme/ Project Funded and Fund's Activities).</i></p> <ul style="list-style-type: none"> <li>NDA can seek technical inputs from the technical line ministries during the evaluation stage.</li> <li>An assessment report on the idea notes along with recommendation for selection of the most qualified and robust proposal are submitted to NDA for endorsement.</li> </ul>	Climate Finance Unit and Technical Committee

<sup>24</sup> GCF.2017. Full Funding Proposal Application Template. [http://www.greenclimate.fund/documents/20182/239759/4.6.2\\_-\\_Funding\\_Proposal\\_Template\\_ver.1.1\\_changes\\_highlighted\\_.docx](http://www.greenclimate.fund/documents/20182/239759/4.6.2_-_Funding_Proposal_Template_ver.1.1_changes_highlighted_.docx)



STAGE	PROCESS AND TIMELINE	RESPONSIBLE
<b>STAGE 3: REVIEW PROPOSALS/CONCEPT NOTE</b>		
	<ul style="list-style-type: none"> <li>The NDA will do a final evaluation of the short-listed project idea note prior to selection.</li> <li>NDA will issue an 'Expression of Interest' to the selected Concept Note. <i>Annex 10: Template for Expression of Interest for Concept Note Preparation.</i></li> <li>Final concept note will be shared to the GCF Board for review and inputs.</li> <li>DAE may apply for the Project Preparation Facility. <i>Annex 11: GCF Template No Objection Letter for Project Preparation Facility (PPF).</i></li> </ul>	National Designated Authority/Ministry of Finance
<b>STAGE 4: FULL FUNDING PROPOSAL DEVELOPMENT</b>		
	<ul style="list-style-type: none"> <li>Development of full funding proposal by the applicant and submission to GCF Board with or without Project Preparation Facility using GCF format.</li> <li>NDA will issue No Objection Letter<sup>25</sup> for the approved funding proposal.</li> <li>Full funding proposal along with feasibility study to be submitted 120 days before the proposed date of the Board meeting.</li> </ul>	Applicant(s)  National Designated Authority/Ministry of Finance
<b>STAGE 5: EVALUATION BY THE GCF DECISION AND LEGAL ARRANGEMENT</b>		
	<ul style="list-style-type: none"> <li>GCF evaluates (by the Secretariat, ITAP, and GCF Board) the submitted proposals and decides.</li> <li>Legal and contractual arrangement with GCF.</li> </ul>	GCF Board

## 7.6 No Objection Process

As per the GCF mandate, all entities including national and multilateral, are required to submit a 'No Objection Letter' from the National Designated Authority during the submission of proposal to the GCF. The Government of Nepal has adopted the 'No Objection Letter' process to address climate change priorities as well as the GCF mandate of country driven approach to either mitigate greenhouse gas

emissions or adapt to impacts of climate change.

Any proposal without the 'No Objection Letter', the GCF Secretariat will inform the NDA that the funding proposal will not be reviewed by the Board. The Secretariat provides 30 days for the NDA to submit the letter after which the proposal will be suspended. Both the NDA and the entity will be duly notified on the suspension by the Secretariat.<sup>26</sup>

<sup>25</sup> GCF.2017. GCF No Objection Letter Template [https://www.greenclimate.fund/documents/20182/239759/4.8\\_-\\_No-objection\\_Letter\\_Template.docx](https://www.greenclimate.fund/documents/20182/239759/4.8_-_No-objection_Letter_Template.docx)

<sup>26</sup> GCF 2016. GCF No Objection Procedure. [http://www.greenclimate.fund/documents/20182/466886/No-objection\\_Procedure.pdf](http://www.greenclimate.fund/documents/20182/466886/No-objection_Procedure.pdf)



CHAPTER 8

# Readiness and Preparatory Support





# 8. Readiness and Preparatory Support

## 8.1 Country Readiness Support

The GCF provides early support for empowering the institutional capacities of developing country's NDA and DAEs to maximize the effectiveness of Fund and achieve efficient access of resources. The 'country readiness' activities are not one-off measures, but a part of an ongoing process to strengthen a country's engagement with the Fund. Through the Readiness and Preparatory Support Programme, the GCF aims to enhance country ownership and access the fund by supporting five key outcomes. They are: (i) strengthening country capacity; (ii) engaging stakeholders in a consultative process; (iii) realizing direct access; (iv) providing access to finance; and (v) mobilizing the private sector.

The funding request for readiness support must be initiated by NDA. The GCF has single application process for readiness support and the funding requests can be submitted in the prescribed readiness template.<sup>27</sup> The template includes a logical framework with five key outcomes that country can target in readiness activities and full list of eligible costs to request with GCF. A guidebook<sup>28</sup> is available to help countries initiate country

readiness and preparatory support request to the GCF. The funding may be provided in the form of grants or technical assistance. The country can access this funding directly through NDA or through wide range of delivery partners, such as direct (national) or indirect (international) access entities with relevant expertise and experience. The Readiness Programme provides;

- **Up to US\$ 1 million per country per year:** Of this amount, the NDA may request up to US\$ 300,000 per year to help establish or strengthen the NDA to deliver on the GCF's requirements.
- **Up to US\$ 3 million per country for the formulation of adaptation plans.**

In 2016, GCF has approved US\$ 3 million to support formulation of National Adaptation Plans (NAPs) for Nepal as a part of country readiness support, led by Ministry of Population and Environment (MoPE). The NAPs aim to fully address mid and long term adaptation needs and concerns of the country.

## 8.2 Project Preparation Facility

The accredited entities requiring support for project and programme preparation can access resources from

**The 'country readiness' activities are not one-off measures, but a part of an ongoing process to strengthen a country's engagement with the Fund.**

<sup>27</sup> GCF 2017. Applying for GCF Readiness Support. <http://www.greenclimate.fund/gcf101/empowering-countries/readiness-support#faq-how-can-i-apply-for-gcf-readiness-support>; Accessed: July 2017

<sup>28</sup> GCF 2017. GCF Readiness and Preparatory Support Guidebook. [http://www.greenclimate.fund/documents/20182/104167/Readiness\\_and\\_Preparatory\\_Support\\_Guidebook.pdf](http://www.greenclimate.fund/documents/20182/104167/Readiness_and_Preparatory_Support_Guidebook.pdf) Accessed: July 2017

the GCF Project Preparation Facility (PPF). The PPF requests should be developed by an accredited entity in close consultation with NDA and with support from the GCF secretariat. The PPF support are especially targeted to direct access entities and for projects in the micro-to-small size category. For each PPF request funding available is up to US\$ 1.5 million and can be provided through grants and repayable grants while equity may be considered for private sector projects through grants or equity.

The funding proposal developed with the PPF should be submitted to the GCF Board within two years of the approval of a PPF request. The guideline<sup>29</sup> is available to introduce the process, funding and scope of activities that could be supported through the PPF. It is optional to first submit a concept note before applying for PPF support. The AE should submit the PPF request

application in the prescribed format<sup>30</sup> along with no objection letter for PPF from the NDA and project information. The AE can access the PPF for following eligible activities:

- Pre-feasibility and feasibility studies, as well as project design;
- Environmental, social and gender studies;
- Risk assessments;
- Identification of programme/project-level indicators;
- Pre-contract services, including the revision of tender documents;
- Advisory services and/or other services to financially structure a proposed activity; and
- Other project preparation activities, where necessary.

The PPF application by accredited entities will be undertaken in following steps (Table 13):

**Table 13: Process of Accessing the Project Preparation Facility**

Step	Activity	Description
Step 1	PPF Application Development	Project Preparation Facility requests to be developed by accredited entities in consultation with the NDA.
Step 2	Submission of the PPF Application	<p>AEs to submit a PPF application with justification and information on the underlying project to the GCF at <a href="mailto:ppf@gcfund.org">ppf@gcfund.org</a></p> <p>Accredited entities should submit PPF requests along with a "No Objection Letter"<sup>31</sup> from the NDA consistent with the initial no-objection procedure.</p> <p><i>Annex 11: GCF Template No Objection letter for Project Preparation Facility (PPF).</i></p>
Step 3	Review and Approval	<p>GCF reviews and decides on the request.</p> <p>The Board has authorized the Executive Director to approve PPF requests based on an assessment against the investment criteria of the GCF</p>

<sup>29</sup> GCF. GCF Guidelines – Project Preparation Facility. [https://www.greenclimate.fund/documents/20182/574766/Guidelines\\_-\\_Project\\_Preparation\\_Facility\\_Guidelines](https://www.greenclimate.fund/documents/20182/574766/Guidelines_-_Project_Preparation_Facility_Guidelines). Accessed: July 2017.

<sup>30</sup> GCF 2017. Project Preparation. <http://www.greenclimate.fund/gcf101/funding-projects/project-preparation#step-2-submit-a-ppf-application>. Accessed: July 2017.

<sup>31</sup> GCF. 2017. Project Preparation Support. <http://www.greenclimate.fund/gcf101/funding-projects/project-preparation#step-2-submit-a-ppf-application>; Accessed: July 2017.

### 8.3 Enhanced Direct Access

The GCF has set up Enhancing Direct Access (EDA)<sup>32</sup> as a pilot facility to devolve decision making for direct access entities over resources dedicated to support country's climate change projects and programmes. The initial EDA resource allocation for 10 pilots facility is up to US\$ 200 million, including at least four to be implemented in Small Island Developing States, the Least Developed Countries and African States.

The direct access entities nominated by countries can submit proposals to the EDA Fund. The nominated accredited entity should first consult with NDA to initiate the process together with relevant national stakeholders to assure pilot idea align with national climate change policies and priorities. The entities are required to first develop and submit concept note to get feedback and further guidance from GCF secretariat before working on a full proposal.

The resources available for the pilots can be used to finance adaptation and mitigation activities. The pilot proposal should have following detail:

- Description of proposed scope of activities, including objectives, type, sectors, size and geographic locations related to the pilot.
- Description of the approval process and selection criteria for the activities which should be consistent with the Fund's initial

investment framework and proposal approval process.

- Composition of the decision-making body that will be housed and managed by the entity. The decision-making body should include civil society, the private sector and other relevant stakeholders and should include gender considerations.
- Description of how the entity intends to meet the disclosure requirements in the implementation of the pilot.
- A composition of the oversight function, which may include NDA and representatives of relevant stakeholders such as government, the private sector, academia, civil society organizations and women's organizations.
- Description of the multi-stakeholder engagement process the entity plans to set-up.
- Time frame of implementation.
- Funding amount to be requested including the financial instruments (e.g. grant, loan, equity, guarantee).
- Risk assessment and management, including assumptions, factors, rating and mitigation measures.
- Monitoring and evaluation, including logical frameworks, methods, criteria, information to be reported, frequency, responsibilities, means of verification and the evaluation process.

<sup>32</sup> GCF 2016. GCF Enhanced Direct Access- Frequently Asked Questions. [https://www.greenclimate.fund/documents/20182/466883/2016\\_EDA\\_FAQ.pdf](https://www.greenclimate.fund/documents/20182/466883/2016_EDA_FAQ.pdf) Accessed: July 2017.

For the initial allocation of EDA resources, the Fund will review and select the pilot proposals on a rolling basis. The Request for Proposal for EDA provides broad terms of reference for a pilot phase to allow for an effective operationalization of modalities with the potential to enhance access by sub-national, national and public and private entities to the Fund.

The country can include request to develop pilot EDA proposal in readiness and preparatory support. A crucial aspect of the EDA initiative is country ownership and the promotion of transparency. The country readiness resources can be used to support EDA in setting up mechanisms for multi-stakeholder engagement and the strengthening of oversight process to enhance accountability and transparency.



# References

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# Annexes

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## ANNEX 1: ROLES AND FUNCTIONS OF NDA

### NDA IS EXPECTED TO PERFORM FOLLOWING ROLES AND RESPONSIBILITIES IN THE GCF PROCESS:

#### 1. General Roles and Responsibilities:

- i. **Provide broad strategic oversight aligned to national priorities:**
  - NDA needs to lead in the GCF process in coordination with direct access entities and take necessary policy and technical guidance from Climate Finance Steering Committee and Technical Committee.
  - NDA needs to engage with stakeholders to provide and update on country strategic framework to prioritize climate action for funding from GCF.
  - NDA needs to ensure that projects/programmes funded by the GCF are aligned with national priorities identified by Nepal's plans and policies related to climate change such as National Climate Change Policy, Reduced Emission from Deforestation and Forest Degradation (REDD+) strategy, National Adaptation Plan of Action (LAPA), Sustainable Development Goals (SDGs), National Adaptation Plan (NAP) and relevant sector policies, plans and strategies.
  - NDA needs to coordinate with technical committee to take feedback on the project ideas, notes/concept notes/funding proposals submitted by the DAEs/Accredited Entities to ensure that these are fully aligned with the national priorities as identified by climate change related policies and plans.
- ii. **Provide leadership on the deployment of readiness and preparatory support funding in Nepal:**
  - The GCF readiness programme includes country GCF readiness support, NAPs, Project Preparatory Facility (PPF) and REDD+.
  - NDA is expected to facilitate and plan for the provision of readiness support as deemed necessary for Nepal for capacity development of NDA, development of system and procedure for GCF, establishing and leading the GCF governance mechanism, selection of DAEs and funding proposals development to GCF for line ministries, private sector, financial institutions and civil societies.
  - NDA should exercise implementation of stakeholders engagement framework as well as GCF's governance mechanism to engage stakeholders in the GCF process and assess need for deployment of readiness and preparatory support required from GCF.
  - NDA to communicate GCF provisions and requirements for the deployment of readiness and preparatory support to the concerned national stakeholders.
  - NDA needs to select accredited entity (i.e DAE or MIE) to process request

to receive available GCF resources for readiness and preparatory support as deemed necessary.

- NDA needs to provide support to the potential National Implementation Entities (DAEs) and existing accredited entities in Nepal on GCF engagement process. The key aspects of support include sharing information related to accreditation procedure, guide and support potential DAEs on the accreditation application processes, communicate prospective/accredited entities for developing project idea, concept note and funding proposals, orientation to the potential DAEs/MIEs on the funding proposal development aligning with national priorities, provide technical support and guidance to the DAEs in preparing funding proposals.

**iii. Convene national stakeholders including public, private and civil society stakeholders:**

- NDA needs to implement SHs engagement framework and facilitate engagement of government, private sector, civil societies, and academic institutions in GCF process in order to gather their inputs, bring synergy and create ownership on GCF work.
- NDA need to facilitate multi-stakeholder approach and organize multi-stakeholder dialogues/workshops on climate finance/GCF to inform SHs on GCF processes, create common understanding on the issues and provide enabling environment for GCF programme in Nepal
- Disseminate and share the information related to the GCF, including accreditation and proposal development procedure to wider stakeholders through use of available media.
- NDA to convene regular learning and sharing events to national stakeholders on climate finance including GCF.

**iv. Facilitate accreditation process for National Implementation Entities (DAEs) and provide nomination letters to the eligible for direct access Accredited Entities:**

- NDA to facilitate accreditation process for National Implementation Entities once a year - the process will be as follows.
- Call for expression of interest for DAEs in Nepal once a year.
- Disseminate and share the information related to accreditation procedure to wider stakeholders through public calls and the MoF web site.
- Make available the application information packet to the interested organizations through website and hard copy.
- Guide and support potential DAEs on the accreditation application processes.
- Conduct eligibility check of the applications received for DAEs against GCF criteria and processes.
- Review the applications and forward to GCF board for further review and decision making. The NDA shall take inputs from Technical Committee and experts in reviewing the applications.

**v. Facilitate GCF funding proposals development process and the implementation of GCF funded projects/programmes in Nepal**

- NDA to facilitate GCF funding proposals development process once a year - the process will be as follows.

- Call for expression of interest for concept note/funding proposal once a year .
- Disseminate and share the information related to funding proposal procedure to wider stakeholders through public calls and MoF web sites.
- Make available the application information packet to the interested organizations through website and hard copy.
- Conduct eligibility check of the applications received for funding proposal against the GCF criteria and process.
- Guide and support potential DAEs on the funding proposal development processes.
- Review the applications and forward to the GCF Board for further review and decision making. NDA shall take inputs from Technical Committee and experts in reviewing the applications.
- Review the idea/concept note prior to issuance of the 'No Objection letters' in case of a call for project idea note for funding proposal development.
- Approve projects/programmes and grant 'No Objection Letter' for GCF funding proposals/projects/programmes.
- Follow the programme development process as per the GCF requirements.
- Develop bankable idea, note and funding proposal for the GCF and other funding purpose. NDA to call for idea note/concept note for this purpose and maintain a roaster of bankable concept note/proposals to be prepared for international climate finance on six monthly basis.

#### vi. GCF programmes/projects management in Nepal

- NDA to provide strategic guidance and technical support to the implementation entities on implementing GCF projects in Nepal.
- NDA will address policy and operational issues related to GCF projects in Nepal.
- Maintain database of the projects funded by the GCF and potential bankable proposals for funding.
- Lead in coordination with the line ministries, private sector, civil societies, and development partners in the implementation of GCF projects.
- Facilitate monitoring of the implementation of GCF projects by implementation entities in coordination with the National Planning Commission.
- Prepare annual progress reports on the implementation of activities under the GCF in Nepal.
- Provide strategic oversight of the GCF funded activities in Nepal to ensure accountability and transparency.
- Ensure that accredited entities and GCF funded projects comply with GCF and national priorities and legal requirements.

## **2. Specific Roles and Responsibilities of NDA with Respect To DAE Accreditation and GCF Funding Proposal Development:**

NDA is expected to perform following roles in the DAE Accreditation, GCF funding proposal development and GCF projects management process:

Stage	Roles
<b>DAE Accreditation</b>	
<b>Pre-Accreditation</b>	<ul style="list-style-type: none"> <li>• Call for expression of interest for DAEs in Nepal once a year.</li> <li>• Disseminate and share the information related to accreditation procedure to wider stakeholders through public calls and MoF web site.</li> <li>• Make available the application information packet to the interested organizations through MoF website and hard copy.</li> <li>• Guide and support potential DAEs on the accreditation application processes.</li> <li>• Receive applications for consideration for accreditation from potentials DAEs in Nepal.</li> <li>• Conduct eligibility check of the applications received for DAEs against the GCF criteria and process.</li> <li>• Review the applications and forward to GCF board for further review and decision-making process. NDA shall take inputs from Technical Committee and experts in reviewing the application.</li> </ul>
<b>Review</b>	<ul style="list-style-type: none"> <li>• Facilitate the communication of nominations of potential DAEs to the GCF Secretariat for further process of accreditation. <i>(The GCF accreditation panel conducts the review of the accreditation process based on the already defined fit for purpose criteria and recommend to the GCF Board for final decision)</i></li> </ul>
<b>Validation and final decision</b>	<ul style="list-style-type: none"> <li>• Facilitate the communication to the DAEs once accredited by the GCF Board. <i>(The GCF Board makes final decision on accreditation based on the recommendation of the accreditation panel)</i></li> </ul>
<b>Funding Proposal Development</b>	
<ul style="list-style-type: none"> <li>• NDA to facilitate GCF funding proposals development process once a year.</li> </ul> <p>Following process shall be followed for this:</p> <ul style="list-style-type: none"> <li>• Call for expression of interest for concept note/funding proposal once a year.</li> <li>• Disseminate and share the information related to the funding proposal procedure to wider stakeholders through public calls and web sites.</li> </ul>	

Stage	Roles
	<ul style="list-style-type: none"> <li>• Make available the application information packet to the interested organizations through website and hard copy.</li> <li>• Receive the idea note/funding proposals.</li> <li>• Conduct eligibility check of the applications received for funding proposal against the GCF criteria and processes.</li> <li>• Guide and support potential DAEs on the funding proposal development processes.</li> <li>• Facilitate the initial assessment of the idea note/funding proposal submitted by the DAEs/potential DAEs/Entities.</li> <li>• Review and select a fair number of idea note for development of funding proposal in case of call for idea note.</li> </ul>
	<ul style="list-style-type: none"> <li>• Review the applications and forward to GCF board for further review and decision making process. NDA shall take inputs from Technical Committee and experts in reviewing the applications.</li> <li>• Process to approve projects/programmes and grant No Objection Letter<sup>33</sup> for GCF funding proposals/projects/programmes.</li> <li>• NDA to facilitate to provide strategic guidance and technical support to the implementation entities to implement the GCF project in Nepal.</li> <li>• Facilitate the communication to the prospective/accredited DAEs for funding proposals.</li> <li>• Provide feedback to the prospective/accredited entities on the design, and, upon approval, grant letters of no-objection.</li> <li>• Ensure that the funding proposals are in-line with the national priority.</li> <li>• Facilitate communication between prospective/accredited entities and the Fund.</li> </ul>

<sup>33</sup> [http://www.greenclimate.fund/documents/20182/466886/No-objection\\_Letter\\_Template.docx](http://www.greenclimate.fund/documents/20182/466886/No-objection_Letter_Template.docx)

## **ANNEX 2: CALL FOR NATIONAL ORGANIZATIONS FOR ACCREDITATION [FORMAT]**

### **[INFORMATION PACKET]**

#### **CALL FOR APPLICATION FOR NATIONAL ORGANIZATIONS INTERESTED IN SEEKING ACCREDITED ENTITY (AE) STATUS UNDER THE GREEN CLIMATE FUND**

The Ministry of Finance (MoF), the National Designated Authority (NDA) of the Green Climate Fund (GCF) invites all national organizations interested in gaining status as Accredited Entities (AEs) to the GCF to submit an expression of interest to the Ministry.

Nepal, one of the most vulnerable countries to climate change and as a party to the United Nations Framework Convention on Climate Change (UNFCCC), has recently ratified Paris Agreement and communicated its Nationally Determined Contribution (NDC). The Agreement has recognized the financial mechanism of the Convention - **the Green Climate Fund (GCF)** - to serve as the financial mechanism of the Agreement to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support. The Fund is set up to promote a paradigm shift towards low-emission and climate-resilient development pathways through the mobilization of funds from the developed world and leveraging financial resources to developing countries to combat climate change.

The GCF has a Board to supervise and approve mitigation and adaptation programmes and projects of developing countries of which Nepal is a part. Nepal, therefore has access to the GCF and can seek financial support from the Fund through Multilateral, Regional or National Accredited Entities to undertake climate change mitigation and adaptation programmes and or projects.

As per the governing instrument of the GCF, programmes and/or projects can be submitted by Accredited Entities (AEs) to the GCF following no-objection from the National Designated Authority i.e. Ministry of Finance. The AE, if accredited by the GCF Board, will be accountable to the Board for all resources received from the Fund for programmes and or projects.

As part of the process to identify and select potential applicants for the submission of an accreditation application to the GCF, this notice is hereby given with reference to the GCF application form which can be found here.

All interested applicant organizations must meet the fiduciary principles and standards, environmental and social safeguards, and gender policy, as given in the operational policies and guidelines of the GCF Board for accessing resources from the Fund. The details of the GCF standards is accessible at <http://www.greenclimate.fund/partners/accredited-entities/get-accredited>.

Organizations which may be eligible for support are hereby **invited to submit the completed and accompanying self-assessment (Annex A)** with acknowledgement of meeting the below conditions to the Ministry of Finance by **[DATE]**.



**APPLICATIONS SHOULD BE SUBMITTED TO:**

Ministry of Finance  
International Economic Coordination Cooperation Division  
Singha Durbar,  
Kathmandu, Nepal

Date

Selection of AEs candidates for accreditation support will be pursued in accordance with the GCF requirements and compliance of domestic legal requirements as presented by interested applicant organizations.

The MoF reserves the right to decide and select the AEs for support in its discretion and relevant factors as indicated above. No correspondence will be entertained in this regard. The MoF will not take responsibility for non-accreditation of selected entities with the GCF Board.

Thank you.

**Joint Secretary & Chief**  
International Economic Cooperation Coordination Division

**Enclosed: Self-Assessment Form for Submission to Ministry of Finance**

## ANNEX 3: NATIONAL ACCREDITATION APPLICATION [FORMAT]

### SELF-ASSESSMENT FORM FOR SUBMISSION TO MINISTRY OF FINANCE

1. Name of the Organization:
2. Name of the Authorized Person:
3. Contact No.
4. Address, Email, and Website:
5. Background Information
  - i. Type of institution (i.e. public, private, non-profit):
  - ii. Total number of full-time employees:
  - iii. Sectors that the entity operates in:

#### ELIGIBILITY CRITERION:

1. **Legal personality:** Is the institution a legally established entity with its own legal personality? (Y/N).

If yes, please provide relevant document(s). The table below provides minimum examples of supporting documentation that different types of entities can use to illustrate their legal status.

For government ministries, departments, divisions, etc.	For incorporated/ registered entities (e.g: private and public sector entities, civil society organizations, etc.)	For international and regional entities
<ul style="list-style-type: none"> <li>• Scanned copy or extract of the relevant Act, Decree, or other similar document</li> <li>• Document outlining powers of the Head of the entity and other key/ relevant authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Certificate of Incorporation/Registration.</li> <li>• Memorandum and Articles of Association, if applicable (highlight relevant sections). Vision and/or mission statement</li> <li>• Business permit and license to operate</li> </ul>	<ul style="list-style-type: none"> <li>• Governing instrument</li> <li>• Agreement to establish the entity</li> </ul>

2. **GCF Basic Fiduciary Principles and Standards** (where possible provide web-link of policy or attach to application)
  - a. What is the standard size of project/programme the institution typically implements (in millions of US\$)?
  - b. Does the institution have a policy for raising concerns /at-risk projects through reporting lines to upper management?
  - c. Does the institution have any following bodies – Internal Audit Committee, Ethics Committee and/or Procurement Committee?
  - d. Does the institution have anti-whistle blower and anti-corruption policies and/or employee income disclosure procedures in place?
  - e. Does the institution have a policy for whistle blower protection?
  - f. Does the institution have a procurement policy, internal controls framework and/or an anti-money launder policy?

- g. For how many years have the above policies, procedures, guidelines, been implemented?

### **3. GCF Specialized Fiduciary Principles**

- a. Does the institution run grant programmes? Does the institution issue a call for proposals with criteria and post results of applicant assessments?
- b. Does the institution lend or issue guarantees? Does the institution have the appropriate licensing for these activities (please describe)?
- c. For how many years have the above policies, procedures, guidelines, been implemented?

### **4. GCF Environmental and Social Safeguards**

- a. Does the institution have an ESS policy? If yes, what year was it approved?
- b. Does the policy include a method for affected parties/stakeholders to report concerns?
- c. Does the institution have a system for ranking the risk level of the projects you carry out? Does the institution have a screening tool?
- d. For how many years have the above policies, procedures, guidelines, been implemented?

### **5. GCF Gender Mainstreaming**

- a. Does the institution have a Gender Policy?
- b. Does the Gender Policy require gender sensitivity in projects requiring, for example, the use of gender sensitive indicators and sex-disaggregated monitoring at the project level?
- c. For how many years have the above policies, procedures, guidelines, been implemented?

### **6. Policy Alignment**

- a. Does the institution have climate change relevant programmes and/or projects? or, does the institution's policy promote low emission and climate resilient actions?

## ANNEX 4: EVALUATION CRITERIA FOR APPLICANTS SEEKING DAE ACCREDITATION (NATIONAL)

### COMPARISON TABLE OF APPLICANTS

**TABLE 1: BACKGROUND OF ORGANIZATION**

S.No	Potential Entity	Type of Institution	Core Business	Size of Institution	Sector(s) Focus	Project Types & Size	GCF Fit for Purpose Potential Fit for Accreditation
1.							
2.							
3.							

**TABLE 2: BASIC GCF FIDUCIARY STANDARDS**

S.No	Potential Entity	General Management / Organization Structure	E&S and Gender Policy	Audit (internal & External)	Control Framework	Procurement	Accountability	Score
1.								
2.								
3.								

### SCORING

Criteria	Score
Meets Standards	2
Gaps Exists but are either minor or can be filled relatively easily	1
Major Gaps that cannot be filled easily	0

**TABLE 3: SPECIALIZED GCF STANDARDS**

S.No	Potential Entity	Project Appraisal	Project Oversight/ Control	Monitoring & Evaluation	Project At-Risk System	Grant Award Mechanism	On-Lending Blending	Score
1.								
2.								
3.								

### SCORING

Criteria	Score
Meets Standards	2
Gaps Exists but are either minor or can be filled relatively easily	1
Major Gaps that cannot be filled easily	0

**ANNEX 5: NOMINATION LETTER [GCF STANDARD FORMAT]**

Government of Nepal  
**MINISTRY OF FINANCE**

International Economic Cooperation Coordination Division **SINGHADURBAR  
 KATHMANDU, NEPAL**

Mr/Ms  
 Executive Director  
 G-Tower, 24-4 Songdo-dong, Yeonsu-gu  
 Incheon City, Republic of Korea

Date:  
 Reference:  
 Page:

**SUBJECT: EXPRESSION OF NOMINATION FOR THE APPLICATION FOR ACCREDITATION TO THE GREEN CLIMATE FUND**

Dear Mr. Bamsey,

Pursuant to paragraph 47 of the Governing Instrument for the Green Climate Fund, **[in my capacity as representative of the National Designated Authority]** OR **[in my capacity as focal point]** for **[country name]**, duly designated pursuant to the letter from [government ministry/ authority] to the Fund dated [date], I hereby nominate the entity below for accreditation by the Green Climate Fund:

[Legal name of the applicant entity]

[Contact person: name]

[Contact details: telephone, address, email address]

**[The NDA/focal point may wish to include information on how the entity being nominated can contribute to the country's programming priorities with the GCF]**

Sincerely,

[Name of the contact point of NDA or focal point]

[Position/Title in Government]

[Division/Office]

[Ministry/Agency]

**Tel: Minister 4211809, Secretary 4211332, International Economic Cooperation Coordination Division 4211372, 4211867  
 Fax No. 4211164, 4211165, Website: [www.mof.gov.np](http://www.mof.gov.np)**

<sup>34</sup> [https://www.greenclimate.fund/documents/20182/114264/1.4\\_-\\_NDA\\_FP\\_Nomination\\_Letter\\_for\\_Application.docx](https://www.greenclimate.fund/documents/20182/114264/1.4_-_NDA_FP_Nomination_Letter_for_Application.docx)

*Note: Please use the table below when you send the scan copy of signed nomination letter by e-mail. Please fill out the table, copy and paste the table in your email text.*

<b>NDA/FP full name</b>	
NDA/FP Surname (surname to be addressed in the acknowledgement letter)	
NDA Address	
Date of letter sent	
Reference no. of letter (if there is any)	
Name of the entity nominated	
Name of the contact person	
Contact details of the contact person (Address, telephone number, e-mail)	

## ANNEX 6: GCF MITIGATION AND ADAPTATION STRATEGIC IMPACT AREAS AND POTENTIAL INVESTMENT OPTIONS

Result Areas		1. Energy Generation and Access
<b>Impact Potential</b>		<ul style="list-style-type: none"> <li>• Increased access to low emission energy technology</li> <li>• Deployment of large scale low emission electricity to reduce fossil fuel reliance and mitigate climate change</li> <li>• Scaling up wind, solar, photovoltaic and mini-hydro</li> <li>• Replace conventional biomass cooking method with cook stoves</li> <li>• Small scale electricity generation technologies for lighting and cooling</li> <li>• Help support the transition to low emission development by increasing access to low emission energy</li> </ul>
<b>Cost and Financing Needs</b>		<ul style="list-style-type: none"> <li>• Support renewable energy industries</li> <li>• Extending access to clean energy</li> <li>• Target distribution to advance access to energy for consumers</li> <li>• Accessing financing for services and up scaling such scheme</li> <li>• Co-benefit potential for health benefits and enhanced quality of life</li> </ul>
<b>GCF Value Addition</b>		<ul style="list-style-type: none"> <li>• Help keep energy mix clean and away from fossil fuel dependence</li> <li>• Innovative mechanism to strengthen underlying policy, regulatory or enabling environment.</li> <li>• Access to low emitting energy in rural areas.</li> </ul>
Result Areas		2. Transport
<b>Impact Potential</b>		<ul style="list-style-type: none"> <li>• Adoption of new transport technologies including alternative fuels, more efficient engines and electric and hybrid technologies</li> <li>• Sustainable approaches to urban transport and infrastructure planning</li> <li>• Policy and regulatory measures to reap the potential of GHG emission in transport</li> <li>• Fuel efficiency standards in potential area.</li> <li>• Reduce fossil fuel subsidies and encourage transition to alternative fuels to reduce emissions such as with electric vehicles, natural gas and bio fuels</li> </ul>
<b>Cost and Financing Needs</b>		<ul style="list-style-type: none"> <li>• Capital investment requirements for transport sector interventions are often quite high but the economic returns may be positive</li> <li>• Co-benefits such as improved health and accessibility may further offset the costs</li> <li>• Investment in transport infrastructure is central to national development strategies</li> <li>• Investments in more sustainable approaches to meeting transport needs can reduce net spending on transport infrastructure</li> </ul>
<b>GCF Value Addition</b>		<ul style="list-style-type: none"> <li>• Directing transport investment to support low emission and climate resilient cities</li> <li>• Reduce emission from freight transport</li> <li>• Scaled up Bus rapid transit to provide attractive alternative to conventional car use</li> <li>• Integrate policy, institutional development and concrete investments for low carbon urban transport programmes</li> <li>• Investment for urban transport infrastructure</li> </ul>

Result Areas	3. Building, Cities, Industries and Appliances
<b>Impact Potential</b>	<ul style="list-style-type: none"> <li>• Adoption of new transport technologies including alternative fuels, more efficient engines and electric and hybrid technologies</li> <li>• Sustainable approaches to urban transport and infrastructure planning</li> <li>• Policy and regulatory measures to reap the potential of GHG emission in transport</li> <li>• Fuel efficiency standards in potential area.</li> <li>• Reduce fossil fuel subsidies and encourage transition to alternative fuels to reduce emissions such as with electric vehicles, natural gas and bio fuels</li> </ul>
<b>Cost and Financing Needs</b>	<ul style="list-style-type: none"> <li>• Capital investment requirements for transport sector interventions are often quite high but the economic returns may be positive</li> <li>• Co-benefits such as improved health and accessibility may further offset the costs</li> <li>• Investment in transport infrastructure is central to national development strategies</li> <li>• Investments in more sustainable approaches to meeting transport needs can reduce net spending on transport infrastructure</li> </ul>
<b>GCF Value Addition</b>	<ul style="list-style-type: none"> <li>• Directing transport investment to support low emission and climate resilient cities</li> <li>• Reduce emission from freight transport</li> <li>• Scaled up Bus rapid transit to provide attractive alternative to conventional car use</li> <li>• Integrate policy, institutional development and concrete investments for low carbon urban transport programmes</li> <li>• Investment for urban transport infrastructure</li> </ul>
Result Areas	4. Land Use, Deforestation and Forest Degradation
<b>Impact Potential</b>	<ul style="list-style-type: none"> <li>• Reducing emissions from deforestation and forest degradation account for 24-30 % global mitigation potential and offers a wide array of co-benefits</li> <li>• Reducing deforestation offers greater mitigation potential at a lower cost than afforestation and other forest management interventions</li> </ul>
<b>Cost and Financing Needs</b>	Low cost mitigation potential from REDD
<b>GCF Value Addition</b>	<ul style="list-style-type: none"> <li>• New principles to protect forests and private DAEs commit to ensure supply chains do not drive deforestation</li> <li>• Utilize the REDD+ results based payment mechanism</li> <li>• Drive private sector activity on REDD+ action</li> </ul>



Result Areas	5. Enhanced livelihoods for vulnerable people and communities
<b>Impact Potential</b>	<ul style="list-style-type: none"> <li>● Livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets, while not undermining the natural resource base</li> <li>● Peoples vulnerability to natural hazards or capacity to cope, manage and respond to disasters is dependent upon different social, economic, cultural and political process that influence “how hazards affect people in varying ways and with different intensities”</li> <li>● Gender inequality is exacerbated as a result of weather events and climate related disasters</li> <li>● As a result of population and economic pressure- exposure to disasters is increasing as more people and assets are in hazard prone locations</li> <li>● Adopt disaster risk reduction and developing planning to help address vulnerability</li> <li>● Social protection programme and efforts to strengthen people’s assets and the polices, institutions and process that shape their livelihoods in terms of adaption to climate change</li> </ul>
<b>Impact Potential</b>	<ul style="list-style-type: none"> <li>● Enhance livelihoods may include protecting water sources, preventing erosion and landslides, evading food insecurities or providing insurance in response to climate events.</li> </ul>
<b>Cost and Financing Needs</b>	<ul style="list-style-type: none"> <li>● People depend on natural resources-based primary sector activities and declines in productivity as a result of climate change keep people in extreme or moderate poverty</li> <li>● Those with climate sensitive livelihoods including agricultural small holding, fishing, pastoralism and tourism will feel the effects of climate change most directly and strongly</li> <li>● Majority of severe impacts projected for urban areas and some rural region will create new poor between now and 2100 in low-medium- and high income countries.</li> <li>● Efforts to increase resilience to climate shocks integrated into national development polices</li> <li>● Many livelihood initiatives such as access to insurance, diversification of livelihoods, migration, food storage, communal pooling, market responses, savings, credit societies, and systems of mutual support, require some resource investment at the outset that climate finance could support.</li> <li>● Efforts to strengthen social protection systems in the context of climate change</li> </ul>
<b>GCF Value Addition</b>	<ul style="list-style-type: none"> <li>● Strengthen the resilience of livelihoods to the impacts of climate change</li> <li>● Link efforts to support development, disaster risk reduction and poverty reduction in the poorest countries</li> <li>● Adaptation finance will have an important role in raising the profile of climate risk in development, disaster risk and policy programming and exploring programmatic approaches</li> <li>● Efforts to strengthen on agriculture sectors offer major impact potential for the fund</li> </ul>

<b>Result Areas</b>	<b>5. Enhanced livelihoods for vulnerable people and communities</b>
<b>GCF Value Addition</b>	<ul style="list-style-type: none"> <li>Investing in the resilience of agriculture and those who depend on it for their livelihoods can be key target for the fund</li> <li>Huge potential for the fund to partner with diverse public and private sector institutions that involved in such efforts including the insurance industry</li> <li>Use of social protection programme to address climate related shocks and pressure on farmers</li> <li>Potential to work with insurance industry to extend access to insurance programmes that address climate related risks, seeking to create incentives for adaptive action at the national level.</li> <li>Tourism based livelihoods and engaging the tourism industry may hold the key to improving the resilience of livelihoods.</li> </ul>
<b>Result Areas</b>	<b>6. Food, Water Security and Health</b>
<b>Mitigation and Adaptation Potential</b>	<ul style="list-style-type: none"> <li>Climate Change is expected to have major effects on health and well-being in developing countries and on food and water systems.</li> <li>Using more resilient crops and farming techniques</li> <li>Potential to reduce food waste during processing and consumption.</li> <li>Improve availability of water to improve access and quality of sanitation facilities as well as the health of ecosystems</li> <li>Health may be affected through extreme weather event such as heat, rough and heavy rain as well as through disease and illness.</li> </ul>
<b>Cost and Financing Needs</b>	<ul style="list-style-type: none"> <li>Water and agriculture adaptation</li> <li>Water security and management</li> <li>Priority on health needs</li> </ul>
<b>GCF Value Addition</b>	<ul style="list-style-type: none"> <li>No regrets entry point for GCF to support better outcomes. Action should be closely linked to development</li> <li>Support for resilient agriculture, which can reduce food security risks as well as pressures on water supply</li> <li>Scaling up information technology for hydro meteorological systems</li> <li>Health adaptation</li> <li>Strengthening the resilience of cities deliver integrated outcomes</li> <li>Improving water sanitation and management systems and infrastructure in urban areas</li> </ul>

Result Areas	7. Infrastructure
<b>Mitigation and Adaptation Potential</b>	<ul style="list-style-type: none"> <li>• Efforts to reduce emission from energy, building, transport and cities requires fundamental shift in the way infrastructure services are built and delivered.</li> <li>• Resilient infrastructure systems such as integrated water supply systems can reduce vulnerability to climate change.</li> <li>• Shift investment decisions so that these infrastructure facilities are both less emission intensive and more resilient to climate impacts.</li> </ul>
<b>Cost and Financing Needs</b>	<ul style="list-style-type: none"> <li>• Developing countries face challenges in raising finance for infrastructure including from the private sector.</li> <li>• Scaled up infrastructure investment to improve the quality and coverage of their services.</li> </ul>
<b>GCF Value Addition</b>	<ul style="list-style-type: none"> <li>• Developing countries faces an infrastructure gap and massive investment is under way to meet development needs.</li> <li>• Strengthening the resilience of these investments in climate change and ensuring that they deliver low-emission and climate resilient pathways in the long term.</li> <li>• Focus on financing climate-compatible cities, the fund may be able to help support an integrated approach to infrastructure that offers both resilience and mitigation benefits.</li> <li>• Maladaptation needs to be managed carefully.</li> </ul>
Result Areas	8. Ecosystems and Ecosystem services
<b>Impact Potential</b>	<ul style="list-style-type: none"> <li>• Ecosystem based adaptation may offer flexible and cost effective options to address risks that can also deliver co-benefits for mitigation, livelihood protection and poverty alleviation.</li> <li>• Ecosystem services promote resilience, reducing exposure to natural hazards and building adaptive capacity.</li> <li>• Link eco-system services with water, agriculture and forest to promote resilience.</li> </ul>
<b>Cost and Financing Needs</b>	<ul style="list-style-type: none"> <li>• Holistic investment in ecosystem services is complex, as their provision involves and incorporates many systems over multiple scales and interacts with national considerations such as land use rights, environmental governance and policy response.</li> <li>• Hybrid measures combining ecosystem based and traditional approaches have substantial potential.</li> <li>• Costs of ecosystem adaptation projects should be compared to other adaptation projects.</li> <li>• Scaled up infrastructure investment to improve quality and coverage of their services.</li> </ul>
<b>GCF Value Addition</b>	<ul style="list-style-type: none"> <li>• Ecosystem restoration investments.</li> <li>• Scaled up investment in ecosystem based adaptation beyond role of forest only.</li> </ul>

## ANNEX 7: NATIONAL TEMPLATE FOR PROPOSAL OR CONCEPT NOTE FOR GCF FUNDING PROPOSAL

### 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 of 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.0]

Date of current submission/  
version number [YYYY-MM-DD] [V.0]

#### Notes

- The maximum number of pages **should not exceed 12 pages**, excluding annexes. Proposals exceeding the prescribed length will not be assessed within the indicative service standard time of 30 days.
- As per the Information Disclosure Policy, the concept note, and additional documents provided to the Secretariat can be disclosed unless marked by the Accredited Entity(ies) (or NDAs) as confidential.
- The relevant National Designated Authority(ies) will be informed by the Secretariat of the concept note upon receipt.
- NDA can also submit the concept note directly with or without an identified accredited entity at this stage. In this case, they can leave blank the section related to the accredited entity. The Secretariat will inform the accredited entity(ies) nominated by the NDA, if any.
- Accredited Entities and/or NDAs are encouraged to submit a Concept Note before making a request for project preparation support from the Project Preparation Facility (PPF).
- Further information on GCF concept note preparation can be found on GCF website *Funding Projects Fine Print*.

Project / Programme Information (max. 1 page)			
A.1. Project or programme	<input type="checkbox"/> Project <input type="checkbox"/> Programme	A.2. Public or private sector	<input type="checkbox"/> Public sector <input type="checkbox"/> Private sector
A.3. Is the CN submitted in response to an RFP?	Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, specify the RFP: _____	A.4. Confidentiality <sup>1</sup>	<input type="checkbox"/> Confidential <input type="checkbox"/> Not confidential
A.5. Indicate the result areas for the project/ programme	<p><b>Mitigation: Reduced emissions from:</b></p> <input type="checkbox"/> Energy access and power generation <input type="checkbox"/> Low emission transport <input type="checkbox"/> Buildings, cities and industries and appliances <input type="checkbox"/> Forestry and land use		
	<p><b>Adaptation: Increased resilience of:</b></p> <input type="checkbox"/> Most vulnerable people and communities <input type="checkbox"/> Health and well-being, and food and water security <input type="checkbox"/> Infrastructure and built environment <input type="checkbox"/> Ecosystem and ecosystem services		
A.6. Estimated mitigation impact (tCO <sub>2</sub> eq over lifespan)		A.7. Estimated adaptation impact (number of direct beneficiaries and % of population)	
A.8. Indicative total project cost (GCF + co-finance)	Amount: USD _____	A.9. Indicative GCF funding requested	Amount: USD _____
A.10. Mark the type of financial instrument requested for the GCF funding	<input type="checkbox"/> Grant <input type="checkbox"/> Reimbursable grant <input type="checkbox"/> Guarantees <input type="checkbox"/> Equity <input type="checkbox"/> Subordinated loan <input type="checkbox"/> Senior Loan <input type="checkbox"/> Other: specify _____		
A.11. Estimated duration of project/ programme:	a) disbursement period: b) repayment period, if applicable:	A.12. Estimated project/ Programme lifespan	This refers to the total period over which the investment is effective.
A.13. Is funding from the Project Preparation Facility requested? <sup>2</sup>	Yes <input type="checkbox"/> No <input type="checkbox"/> Other support received <input type="checkbox"/> If so, by who:	A.14. ESS category <sup>3</sup>	<input type="checkbox"/> A or I-1 <input type="checkbox"/> B or I-2 <input type="checkbox"/> C or I-3
A.15. Is the CN aligned with your accreditation standard?	Yes <input type="checkbox"/> No <input type="checkbox"/>	A.16. Has the CN been shared with the NDA?	Yes <input type="checkbox"/> No <input type="checkbox"/>

A.17. AMA signed (if submitted by AE)	Yes <input type="checkbox"/> No <input type="checkbox"/> If no, specify the status of AMA negotiations and expected date of signing:	A.18. Is the CN included in the Entity Work Programme?	Yes <input type="checkbox"/> No <input type="checkbox"/>
A.19. Project/ Programme rationale, objectives and approach of programme/ project (max 100 words)	Brief summary of the problem statement and climate rationale, objective and selected implementation approach, including the executing entity(ies) and other implementing partners.		
<b>Project / Programme details (max. 8 pages)</b>			
<b>B.1. Context and baseline (max. 2 pages)</b>			
<p><i>Describe the climate vulnerabilities and impacts, GHG emissions profile, and mitigation and adaptation needs that the prospective intervention is envisaged to address.</i></p> <p><i>Please indicate how the project fits in with the country's national priorities and its full ownership of the concept. Is the project/programme directly contributing to the country's INDC/NDC or national climate strategies or other plans such as NAMAs, NAPs or equivalent? If so, please describe which priorities identified in these documents the proposed project is aiming to address and/or improve.</i></p> <p><i>Describe the main root causes and barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc.) that need to be addressed.</i></p> <p><i>Where relevant, and particularly for private sector project/programme, please describe the key characteristics and dynamics of the sector or market in which the project/programme will operate.</i></p>			
<b>B.2. Project/programme description (max. 3 pages)</b>			
<p><i>Describe the expected set of components/outputs and subcomponents/activities to address the above barriers identified that will lead to the expected outcomes.</i></p> <p><i>In terms of rationale, please describe the theory of change and provide information on how it serves to shift the development pathway toward a more low-emissions and/or climate resilient direction, in line with the Fund's goals and objectives.</i></p> <p><i>Describe how activities in the proposal are consistent with national regulatory and legal framework, if applicable.</i></p> <p><i>Describe in what way the Accredited Entity(ies) is well placed to undertake the planned activities and what will be the implementation arrangements with the executing entity(ies) and implementing partners.</i></p> <p><i>Please provide a brief overview of the key financial and operational risks and any mitigation measures identified at this stage.</i></p>			
<b>B.3. Expected project results aligned with the GCF investment criteria (max. 3 pages)</b>			
<p><i>The GCF is directed to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change, and promoting the paradigm shift towards low-emission and climate-resilient development pathways by limiting or reducing greenhouse gas emissions and adapting to the impacts of climate change.</i></p> <p><i>Provide an estimate of the expected impacts aligned with the GCF investment criteria: impact potential, paradigm shift, sustainable development, needs of recipients, country ownership, and efficiency and effectiveness.</i></p>			

**B.4. Engagement among the NDA, AE, and/or other relevant stakeholders in the country (max ½ page)**

Please describe how engagement among the NDA, AE and/or other relevant stakeholders in the country has taken place and what further engagement will be undertaken as the concept is developed into a funding proposal.

**C. Indicative Financing/Cost Information (max. 3 pages)****C.1. Financing by components (max ½ page)**

Please provide an estimate of the total cost per component/output and disaggregate by source of financing.

Component/ Output	Indicative cost (USD)	GCF financing		Co-financing		
		Amount (USD)	Financial Instrument	Amount (USD)	Financial Instrument	Name of Institutions
<b>Indicative total cost (USD)</b>						

**C.2. Justification of GCF funding request (max. 1 page)**

Explain why the Project/ Programme requires GCF funding, i.e. explaining why this is not financed by the public and/ or private sector(s) of the country.

Describe alternative funding options for the same activities being proposed in the Concept Note, including an analysis of the barriers for the potential beneficiaries to access to finance and the constraints of public and private sources of funding.

Justify the rationale and level of concessionality of the GCF financial instrument(s) as well as how this will be passed on to the end-users and beneficiaries. Justify why this is the minimum required to make the investment viable and most efficient considering the incremental cost or risk premium of the Project/ Programme (refer to Decisions B.12/17; B.10/03; and B.09/04 for more details). The justification for grants and reimbursable grants is mandatory.

In the case of private sector proposal, concessional terms should be minimized and justified as per the Guiding principles applicable to the private sector operations (Decision B.05/07).

**C.3. Sustainability and replicability of the project (exit strategy) (max. 1 page)**

Please explain how the project/programme sustainability will be ensured in the long run and how this will be monitored, after the project/programme is implemented with support from the GCF and other sources.

For non-grant instruments, explain how the capital invested will be repaid and over what duration of time.

**Supporting documents submitted (OPTIONAL)**

- Map indicating the location of the project/programme
- Diagram of the theory of change
- Economic and financial model with key assumptions and potential stressed scenarios
- Pre-feasibility study
- Evaluation report of previous project
- Results of environmental and social risk screening

**Self-awareness check boxes**

Are you aware that the full Funding Proposal and Annexes will require these documents? Yes  No

- Feasibility Study
- Environmental and social impact assessment or environmental and social management framework
- Stakeholder consultations at national and project level implementation including with indigenous people if relevant
- Gender assessment and action plan
- Operations and maintenance plan if relevant
- Loan or grant operation manual as appropriate
- Co-financing commitment letters

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Are you aware that a funding proposal from an accredited entity without a signed AMA will be reviewed but not sent to the Board for consideration? Yes  No

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## ANNEX 8: EVALUATION CRITERIA FOR PROPOSALS AND CONCEPT NOTE METHODOLOGY/CRITERIA FOR THE ASSESSMENT AND SELECTION OF GCF PROJECTS IN NEPAL

Project title
Project proponent
Entity/entities implementing the project (if different)
Amount of funding requested
Time frame for project implementation
Contact information of project proponent

No.	Criterion	Definition	Rating /100	Comments
1	<b>Project idea must be in-line with Nepal's national climate change priorities</b> <b>Weightage : 40</b>	Project idea must be in-line with Nepal's national climate change priorities including the National Climate Change Policy, National Adaptation Programme of Action (NAPA), and the Low Carbon Economic Development Strategy (LCEDS).	/ 40	
2	<b>Project idea must align with the GCF's strategic impact areas and investment guidelines (provided in Annex 1)</b> <b>Weightage : 40</b>	<p><b>Strategic Impact Areas (weightage 10)</b></p> <p><b>Mitigation</b> Low-emission energy access and power generation Low-emission modes of transport Buildings, cities, industries and appliances Land use, deforestation, forest degradation, and through sustainable management of forests and conservation and enhancement of forest carbon stocks</p> <p><b>Adaptation</b> Livelihoods of people, communities and regions Health and well-being of people, food and water security Infrastructure and built environment Ecosystems and ecosystems services</p>	/ 40	

No.	Criterion	Definition	Rating /100	Comments
		<p><b>Investment Guidelines (weightage 30)</b>            Impact potential (weightage 5)            Paradigm shift potential (weightage 5)            Sustainable development potential (weightage 5)            Needs of the recipient (weightage 5)            Country ownership (weightage 5)            Efficiency &amp; effectiveness (weightage 5)</p>		
<b>3</b>	<b>Building on existing work Weightage: 20</b>	Project ideas that build on existing initiatives and have robust background information available (proof of concept, pre-feasibility studies, feasibility studies, economic and financial models, market assessments, environment and social impact assessments, etc.) are highly encouraged.	/ 20	
	<b>TOTAL SCORE</b>			

## RATING SCORE

No.	Criterion	No relevance	Not satisfactory	Satisfactory	Very good	Excellent
1.	<b>National climate change priorities, (sliding scale, max 40 points)</b>	The project has no relationship with the National Climate Change Policy, National Adaptation Programme of Action (NAPA), and the Low Carbon Economic Development Strategy (LCEDS).		The project is aligned with the broad objectives of the National Climate Change Policy, the National Adaptation Programme of Action (NAPA) or the Low Carbon Economic Development Strategy (LCEDS). (20 points)		The project is very well aligned with and will implement concrete aspects of the National Climate Change Policy, the National Adaptation Programme of Action (NAPA) or the Low Carbon Economic Development Strategy (LCEDS).(40 points)
2a.	<b>GCF's strategic impact areas (binary assessment: 0 or 10) GCF investment guidelines (0 – 30 points, checklist basis)</b>	The project does not match any of the GCF's strategic impact areas (0 points)				The project addresses at least one of the strategic impact areas (10 points)  The project specifically addresses all six investment criteria (30 points)
2b.		The project does not specifically address any of the GCF's investment guidelines (0 points)	The project specifically addresses 1 or 2 of the GCF's investment guidelines (5 or 10) points	The project specifically addresses 3 of the GCF's investment guidelines (15 points)	The project specifically addresses 4 or 5 of the GCF's investment guidelines (20 or 25 points)	
3.	<b>Building on existing work (sliding scale, 20 points)</b>	The project does not build on previous work (0 points)		The project builds on existing initiatives but no GCF-specific background documentation is available (10 points)		The project builds on existing initiatives and has some GCF-specific background documentation (proof of concept, pre-feasibility studies, feasibility studies, economic and financial models, market assessments, environment and social impact assessments, etc.)(20 points)

## ANNEX 9: CRITERIAL AND INDICATORS FOR THE PROGRAMME/PROJECT FUNDED AND FUND'S ACTIVITIES- SPECIFIC DECISION MAKING CRITERIA<sup>35</sup>

SN	Criteria	Definition	Sub-criteria	Indicators
1	Impact/result potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and results areas	<ul style="list-style-type: none"> <li>i. Climate-related impact</li> <li>ii. Sustainable development impact</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>i. tCO<sup>2</sup>-eq reduced through improved governance and planning systems for sustainable cities;</li> <li>ii. Reduced emissions from buildings and appliances (tCO<sup>2</sup>-eq/m<sup>2</sup>);</li> <li>iii. Increased access to transportation with low-carbon transportation options (tCO<sup>2</sup>/passenger km);</li> <li>iv. Reduced emission intensity of industrial production (tCO<sup>2</sup>-eq/year);</li> <li>v. Households with access to low-carbon modern technologies (Number of households served by off-grid or clearly identifiable on-grid renewable technologies);</li> <li>vi. Deployment of low-carbon power generation technologies (tCO<sup>2</sup>/kWh);</li> <li>vii. Reduced emissions from sustainable land use management (tCO<sup>2</sup>-eq/year); and</li> <li>viii. Support to development of negative emission technologies (Number of carbon capture and storage projects, tCO<sup>2</sup> sequestered).</li> </ul> <p><b>Adaptation</b></p> <ul style="list-style-type: none"> <li>i. Environmental effectiveness: including units of human health (disability-adjusted life years (DALYs) and units of wealth (US\$) saved and enhanced;</li> <li>ii. Cost-effectiveness: US\$/DALY and US\$ saved;</li> <li>iii. Co-benefits: US\$/unit of co-benefit;</li> <li>iv. Institutional feasibility: level of acceptance.</li> </ul>

<sup>35</sup> GCF/B.09/07. 2015. Annex III. Further Development of the Initial Investment Framework: Sub-Criteria and Methodology. [http://www.greencclimatefund/documents/20182/24949/GCF\\_B.09\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_Ninth\\_Meeting\\_of\\_the\\_Board\\_\\_24\\_-\\_26\\_March\\_2015.pdf](http://www.greencclimatefund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board_Ninth_Meeting_of_the_Board__24_-_26_March_2015.pdf)

SN	Criteria	Definition	Sub-criteria	Indicators
2	<b>Paradigm-shift potential</b>	Degree to which the Fund can achieve sustainable development impact beyond a one-off project or programme investment through replicability and scalability Systemic change towards low-carbon and climate-resilient development pathways	<ul style="list-style-type: none"> <li>i. Potential for scaling-up and replication</li> <li>ii. Knowledge and learning potential</li> <li>iii. Contribution to the creation of an enabling environment (i.e. achieving systemic change) and to sustainable development, including social, economic and environmental co-benefits for a paradigm shift</li> </ul>	<b>Mitigation</b> <ul style="list-style-type: none"> <li>i. Carbon intensity of nationally determined sectors (tCO<sub>2</sub>/gross domestic product);</li> <li>ii. Facilitating the design of sustainable cities (tCO<sub>2</sub>/capita).</li> </ul>
3	<b>Paradigm-shift potential</b>		<ul style="list-style-type: none"> <li>IV. Ability of a proposed activity to demonstrate its potential to adapt to the impacts of climate change and/or to limit and reduce greenhouse gas emissions in the context of promoting sustainable development and a paradigm shift</li> </ul>	<b>Adaptation</b> <ul style="list-style-type: none"> <li>i. Environmental effectiveness: including units of human health (DALYs) and units of wealth (US\$) saved and enhanced;</li> <li>ii. Cost-effectiveness: US\$/DALY and \$ saved;</li> <li>iii. Co-benefits: US\$/unit of co-benefit; and</li> <li>iv. Institutional feasibility: level of acceptance.</li> </ul>
4	<b>Needs of the beneficiary country/ alternative funding sources</b>	Financing needs of the beneficiary country, or fewer available funding sources	<ul style="list-style-type: none"> <li>i. Absence of alternative sources of financing</li> <li>ii. Income levels of affected population</li> </ul>	<b>Mitigation and adaptation</b> <p>Share of official development assistance and other official flows in total capital flows (source: International Monetary Fund (IMF))</p>
	Absence of alternative sources of financing			
	Income level of affected population			Per capita Gross National Income at purchasing power parity (US\$ in 2010) (source: IMF) by gender

SN	Criteria	Definition	Sub-criteria	Indicators
5	<p><b>Country ownership and institutional capacity</b></p> <p>Existence of a national climate strategy</p> <p>Coherence with existing national policies</p> <p>Capacity of implementing entities or executing entities to deliver</p>	<p>Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions)</p>	<p>i. Existence of a national climate strategy</p> <p>ii. Coherence with existing policies</p> <p>iii. Capacity of implementing entities or executing entities to deliver</p>	<p><b>Mitigation and adaptation</b></p> <p>Existence of nationally appropriate mitigation actions (NAMA), national allocation plan (NAP), national adaptation programme of action (NAPA), or other national strategy less than five years old</p> <p>Alignment with existing climate policies (as assessed by the Secretariat)</p> <p>Existence of a national designated authority (NDA) Capacity of NDA (as assessed by the Secretariat)</p>
6	<p><b>Economic efficiency</b></p> <p>Cost-effectiveness</p> <p>Amount of co-financing</p> <p>Industry best practices</p>	<p>Benefit-cost ratio of activity: impact per US dollar<sup>6</sup> delivered by the Fund</p>	<p>i. Cost-effectiveness</p> <p>ii. Amount of co-financing</p> <p>iii. Industry best practices</p>	<p><b>Mitigation and adaptation</b></p> <p>Alignment with existing climate policies (as assessed by the Secretariat)</p> <p>Total financing mobilized per USD of GCF financing provided</p> <p>Alignment with industry best practices (as assessed during review by external experts)</p>
7	<p><b>Financial viability (for revenue-generating activities)</b></p> <p>Project or programme financial return (net of subsidy element) and other financial indicators exceed predefined benchmarks</p>	<p>Financial soundness of activity</p>	<p>i. Project or programme financial return (net of subsidy element) and other financial indicators exceed predefined benchmarks</p>	<p><b>Mitigation and adaptation</b></p> <p>Financial rate of return (net of subsidy element) exceeds the 5 per cent hurdle rate</p>

**ANNEX 10: TEMPLATE FOR EXPRESSION OF INTEREST FOR CONCEPT NOTE PREPARATION****Government of Nepal  
MINISTRY OF FINANCE****International Economic Cooperation Coordination Division SINGHADURBAR  
KATHMANDU, NEPAL**

To,  
[Applicant Agency, Address]

Subject: Approval for Preparation of Full Funding Proposal

Dear Sir/Madam,

This letter refers **[Name of Agency]**'s application seeking concurrence for the development of a full submission of your concept note **[name of Concept Note]** on **[Date]**.

After technical review of your concept note by **[Appropriate Line Ministry]** and per recommendation by the Technical Committee, as the National Designated Authority of the Green Climate Fund, we hereby provide approval to **[Name of Agency]** towards development of full funding proposal for GCF.

Kind regards,

\_\_\_\_\_  
[NDA Name ]

Title:

## ANNEX 11: GCF TEMPLATE NO-OBJECTION LETTER FOR PROJECT PREPARATION FACILITY (PPF)



# Government of Nepal MINISTRY OF FINANCE

International Economic Cooperation Coordination Division SINGHADURBAR  
KATHMANDU, NEPAL

To: The Green Climate Fund ("GCF")

[place], [date]

Re: Proposal for the GCF Project Preparation Facility by [name Accredited Entity] regarding [name of PPF proposal]

Dear Madam, Sir,

We refer to the Project Preparation Facility proposal [name of PPF proposal] for preparation of [Description of underlying project or programme] in [country] as included in the PPF proposal submitted by [name Accredited Entity] to us on [date] ("PPF Proposal").

The undersigned is the duly authorized representative of [name NDA/focal point], the National Designated Authority/focal point of [country].

Pursuant to GCF decisions B.08/10 and B.13/21, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Project Preparation Facility activities as included in the PPF Proposal.

By communicating our no-objection, it is implied that:

- (a) The government of [country] has no-objection to the Project Preparation Facility request as included in the PPF Proposal;
- (b) The PPF Proposal is in conformity with [country]'s national priorities, strategies and plans; and
- (c) In accordance with the GCF's environmental and social safeguards, the PPF activities as included in the PPF Proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the PPF Proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

\_\_\_\_\_  
[NDA Name]

Title:











**Government of Nepal**  
**Ministry of Finance**  
**International Economic Cooperation Coordination Division**  
National Designated Authority for Green Climate Fund  
Singha Durbar, Kathmandu