



Community of Practice of
Direct Access Entities

Work Programme: Climate Project Development

SIX PAPERS FOCUSING ON CPDAE MEMBERS' LESSONS
LEARNED AND EXPERIENCE SHARING ON VARIOUS TOPICS

PAPER #1: **PROJECT IDENTIFICATION AND PRIORITIZATION**

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Management Guidance and Technical Oversight

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1. Introduction

The Community of Practice for Direct Access Entities (CPDAE) is a network composed of National Implementing Entities (NIEs) to the Adaptation Fund (AF) and Direct Access Entities (DAEs) to the Green Climate Fund (GCF). Membership is open to interested AF NIEs and GCF DAEs and the CPDAE is driven by its members, led by an elected Committee that coordinates its work.

The work package “Climate Project Development” under the CPDAE Readiness project implemented by GIZ under GCF contract aims to build capacities and share knowledge among the CPDAE members to advance their project pipelines and increase the number of quality funding proposals. One of the deliverables of this work package is the development of six papers focusing on CPDAE members’ lessons learned and experience sharing on various topics. This paper at hand focuses on pre-Concept Note project identification and prioritization of projects to be funded by the GCF and AF.

2. Green Climate Fund and Adaptation Fund Guidance on Project Identification and Prioritization

2.1. Green Climate Fund Guidance

The GCF did not yet issue compulsory templates or requirements for identifying or prioritizing projects ahead of Concept Note (CN) and Funding Proposal (FP) development. However, the GCF policies for CN and FP development¹ offer guidance on how projects to be funded by GCF are best identified and prioritized.

From the perspective of an Accredited Entity (AE), it is certainly very useful to give due attention and consideration to the process of project identification and prioritization. This is because CN and FP development are typically very time consuming and costly processes. Proper project identification and prioritization can help in making more efficient use of limited time, financial and capacity resources in that resources are allocated to project ideas which have high chances of being funded by the GCF eventually.

GCF’s advice and guidance ahead of CN and FP development consists primarily of a recommendation to plan and prepare projects in the context of longer-term project pipelines that are elaborated and communicated in the respective GCF Country Programmes (CPs) and Entity Work Programmes (EWPs). Projects included in CPs and EWPs are ideally planned in the framework of GCF’s 4-year programming periods. GCF’s current programming work, referred to as “GCF-2”, is for the 2024-2027 period. GCF-3 is expected for 2028-2031. The regular replenishment of the GCF’s own resources has been linked to these programming periods.

Ideally, projects featured in CPs and EWPs should align as much as possible with the following policies:

- The [GCF Strategic Plan](#) and the [GCF’s eight mitigation and adaptation result areas](#).

The same applies for projects an AE wants to develop into CNs and FPs but are not featured in CPs and EWPs for various reasons (a CP may be outdated; an EWP may not have been developed yet, or is outdated, etc.).

¹ For an overview of the GCF’s procedures for the development of CNs and FPs, please see Paper #3 entitled “Concept Note and PPF request preparation”.

In addition, the following is important in pre-CN project identification and prioritization:

- Work closely with the National Designated Authority (NDA) (or NDAs, in case of projects involving more than one country) to ensure that project ideas are closely aligned to national priorities and are not duplicating what has been done or is planned in other projects already.
- Base project identification and prioritization on initial discussions with key stakeholders to capture their advice, ensure their interest and to identify viable initial institutional arrangements.
- Ensure that identified and prioritized projects fully align with the accreditation features of the AE as regards project size, environmental & social risk category, specialized fiduciary standards, and financing instruments.
- Ensure that identified and prioritized projects are aligned with an AEs institutional objectives and capacities, as well as other AE- or NDA-specific criteria.
- Ensure that the CN and FP processes can be properly resourced. Where external financial support is required, this includes the planning of such support, such as GCF readiness assistance (allows for supporting CN development), GCF Project Preparation Facility (PPF) funding (allows for FP development, as well as funding for the development of compulsory annexes to an FP), or any other project development support that may be available from other sources than GCF.
- Ensure that identified and prioritized projects are highly impactful and align to a high degree to GCF's [six investment criteria](#) ↗ from the outset.

It is also useful to determine early on in project identification and prioritization whether a project can go through GCF's Simplified Approval Process (SAP), or not. SAP projects are expected to be ready for scaling up and to have the potential for transformation and promoting a paradigm shift to low-emission and climate-resilient development. One important condition for SAP is that a project requires a GCF contribution of no more than USD 25 million, another condition is that the project has environmental and social risks and impacts that can be classified as "minimal" (category C). To determine the latter, it is useful to use the questionnaire contained in the annex 1 of the [GCF SAP CN template](#) ↗.

Additionally to all the above mentioned considerations, it is very useful for project developers to get well informed about what kind of projects the GCF is seeking for and has funded to date. For the latter, project developers and AEs best consult the FPs of similar projects (e.g., in terms of similar countries, similar sectoral focus and/or similar approaches) published on the GCF project webpage. In addition, it is very useful to study applicable [Sectoral Guides and webinars](#) ↗ and/or [SAP Technical Guidelines](#) ↗ the GCF has published to date, see table 1.

Table 1: **Sectoral Guides published by the GCF to date.**

Sectoral Guides for "regular", non-SAP projects	Technical Guidelines for SAP projects
● Sectoral guide: Health & wellbeing ↗	● SAP Technical Guidelines: Water Security ↗
● Sectoral guide: Climate information & early warning systems ↗	● SAP Technical Guidelines: Energy efficiency for industry and appliances ↗
● Sectoral guide: Energy efficiency ↗	● SAP Technical Guidelines: Renewable energy ↗
● Sectoral guide: Water security ↗	● SAP Technical Guidelines: Cities and climate change ↗
● Sectoral guide: Low emission transport ↗	● SAP Technical Guidelines: Ecosystem and ecosystem services ↗
● Sectoral guide: Energy access and power generation ↗	● SAP Technical Guidelines: Forests and land use ↗
● Sectoral guide: Ecosystems and ecosystem services ↗	● SAP Technical Guidelines: REDD+ ↗
● Sectoral guide: Forests and land use ↗	● SAP Technical Guidelines: Transport ↗
● Sectoral guide: Agriculture and food security ↗	● SAP Technical Guidelines: Agriculture and food security ↗
● Sectoral guide: Cities, buildings and urban systems ↗	
● Sectoral guide: Climate-resilient infrastructure ↗	

Project developers can also consider [GCF appraisal guidance](#) ↗ early on in project development and consult the [GCF Programming Manual](#) ↗ for details for on the GCF project cycle.

2.2. Adaptation Fund Guidance

To date, the AF did not issue any compulsory templates or requirements for identifying or prioritizing projects ahead of Concept Note (CN) and Fully Developed Project Proposal (PP) development². However, the AF's financing priorities, eligibility and review criteria offer guidance for identifying and prioritizing projects. As CN and PP development can be time consuming and costly processes, it is useful to consider these criteria before starting CN and PP development.

As per the AF's **Operational Policies and Guidelines (OPG, latest version of October 2022)** [↗](#), the AF finances "concrete adaptation projects and programmes", whereas a concrete adaptation project/programme is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. Financed activities shall aim at producing visible and tangible results on the ground by reducing vulnerability and increasing the adaptive capacity and resilience of human and natural systems to respond to the impacts of climate change, including climate variability. Adaptation projects/programmes can be implemented at the community, national, regional, and transboundary level.

The OPGs also define that AF project financing decisions shall take into account the following criteria:

- a) Level of vulnerability;
- b) Level of urgency and risks arising from delay;
- c) Ensuring access to the fund in a balanced and equitable manner;
- d) Lessons learned in project and programme design and implementation to be captured;
- e) Securing regional co-benefits to the extent possible, where applicable;
- f) Maximizing multi-sectoral or cross-sectoral benefits;
- g) Adaptive capacity to the adverse effects of climate change.

CNs and PPs also need to fit with one or several of the sectors the AF finances:

- **Agriculture:** The AF supports projects aimed at increasing the resilience of agricultural systems to climate change.
- **Coastal Zone Management:** Aims at protecting and restoring coastal ecosystems in the context of rising sea levels and increasingly violent storms.
- **Disaster Risk Reduction and Early Warning Systems:** To help communities prepare for and respond to climate disasters.
- **Ecosystem-based Adaptation:** Focuses on biodiversity and ecosystem services as an integral part of the climate adaptation strategy.
- **Food Security:** Projects aimed at ensuring food security in the context of climate changes.
- **Forests:** Projects aimed at preserving and restoring forests for their essential role as carbon sinks.
- **Multisector Projects:** Projects that integrate several intervention areas for a more holistic approach.
- **Rural Development:** Projects that strengthen the resilience of rural communities to climate change.
- **Urban Development:** Projects aimed at making cities more resilient to the effects of climate change.
- **Water Management:** Projects aimed at improving water management in the context of droughts, floods, and water salinization caused by climate change.

Further the AF's eligibility and review criteria should be considered to ensure that project preparation resources are being invested in developing CNs and PPs that have high chances to get financed eventually. The AF's eligibility and review criteria are available in **Annex 5 of the OPG** [↗](#) which also includes the template for PPs. The AF's eligibility and review criteria are also featured in the CPDAE Project Prioritization Tool which is introduced in the next section.

² For an overview of the AF's procedures for the development of AF CNs and PPs, please see our separate dedicated Paper #3 entitled "Concept Note and PPF request preparation".

2.3. CPDAE Project Prioritization Tool

A dedicated CPDAE Project Prioritization Tool was elaborated next to this paper at hand, as part of the CPDAE Readiness project implemented by GIZ under GCF contract.

This tool is designed to help GCF DAEs and AF NIEs in prioritizing GCF or AF project or CN ideas with a view of choosing those ideas for further CN and FP/PP development, which have highest chances to get approved by the GCF or the AF eventually. Two versions of the tool were developed, one to enable a quick and basic assessment of project ideas, another one for assessing project ideas against more detailed requirements.

As neither the GCF nor the AF have not issued any dedicated compulsory guidance yet on how project ideas should be identified and prioritized, the tool allows users to define up to 40 assessment criteria to help with assessing and prioritizing. The user can assign a relative weight for each criterion, and/or assign a “pass/fail” feature to a criterion. Then, each criterion can be rated on a scale of 1 to 5. The tool then provides a score for the project idea based on weights and scores. This allows to comprehensively assess project ideas for their suitability for further development into a CN. In cases where a DAE have several or numerous project ideas at hand (for example as a result of a project idea generation competition or a call for proposals), the tool can be used to assess several project ideas against the same set of criteria and hence facilitate and rationalize the shortlisting or choice of one or few project ideas that have highest potential to receive eventual GCF or AF funding.

The CPDAE Project Prioritization Tool includes several sets of predefined criteria that reflects GCF and AF requirements and guidance as presented above, as well as AE- and NDA-specific criteria that may apply. Two examples of pre-defined sets of criteria for GCF project ideas are presented below in figure 1 for illustration. Many additional pre-defined criteria can be found in the CPDAE Project Prioritization Tool including for different GCF result areas, GCF investment criteria and for AF projects.

Figure 1: **Examples for CPDAE Project Prioritization Tool criteria (selection)**

Section 1: Key GCF Requirements

1.1	Does the project idea fit with the SAPmodality (is the budget below USD 25M and within the ESS category C)?
1.2	Does the project idea fit with the proposed AE's accreditation status (project size, ESS category, financing instruments, specialized fiduciary standards)?
1.3	How solid is the proposed theory of change (ToC), or, proposed outputs & activities of the project?
1.4	How strong/solid is the climate rationale of the project idea?
1.5	Are relevant and downscaled climate data readily available (past and future)?
1.6	To which degree is the expected mitigation impact (tCO₂e over project lifespan) competitive with similar projects already adopted by the GCF?
1.7	To which degree is the expected adaptation impact (number of direct and indirect beneficiaries) competitive with similar projects already adopted by the GCF?
1.8	To which degree is the project idea aligned to relevant priorities in national policy, NDC and adaptation plans?
1.9	To which degree is the project idea aligned to the GCF Country Programme and discussed with/agreed by the NDA?
1.10	To which degree have the main project stakeholders been consulted in a meaningful manner?

Section 2: AE and Stakeholder requirements

2.1	How likely is it that budget, exper support and internal staff resources will be available over a period of 2 yeras to support CN and FP development?
2.2	How likely is it thatGCF readiness funds (or any other external support) can be obtained for developing a CN and a PPF request for thie project idea?
2.3	Are there no unacceptable risks for the proposed AE in this project idea?
2.4	To which degree does the proposed project fit with the proposed AEs business strategy/plan ?
2.5	To which degree is the project implementation strucutre realistic?
2.6	How likely is it that the proposed EEs can deliver what will be asked from them?
2.7	How likely is it that main project partners and affected people will agree to the proposed project design?
2.8	Are there no unacceptable risks for people being negatively affected by the proposed activities, e.g., in terms of environmental, social, economic and gender impacts that cannot be (easily) mitigated.
2.9	To which degreedoes the proposed project have risks in terms of people being negatively affected by the proposed activities, e.g., in terms of environmental, social and economic impacts? Can these risks be easily and effectively mitigated and how likely is it that these risks occur?
2.10	To which degree is the project aligned to the AE's and GCF's gender policies?

Note: Above criteria are suggested for prioritizing GCF project ideas – they can and should be modified by the user as seen fit for purpose, i.e., they do not represent strict GCF requirements. The Project Prioritization Tool also includes dedicated sample criteria for each GCF result area, GCF investment criteria, as well as for prioritizing projects for AF financing.

3. Experience of CPDAE members

In interviews conducted with 22 of 33 CPDAE members from January to March 2023, a specific question was “Which experiences and lessons learned does your institution have in the area of design and preparation of GCF and AF projects that could be shared with the CPDAE members?”. CPDAE members could also state additional areas in project development that would be useful to be covered in future experience exchange papers. Another question that was discussed with the 22 entities was “In which areas of project development and management does your institution face significant challenges that hinder progress? Rate your answers from 1 (no challenge at all) to 5 (huge challenge).” 23 predefined items could be scored by interviewees.

3.1. Positive experiences and common barriers

The following table summarizes positive experiences and major obstacles mentioned by different CPDAE members during the interviews.

Table 2: **Positive experiences and barriers highlighted by CPDAE members regarding project identification and prioritization**

Positive Experiences	Barriers
<ul style="list-style-type: none"> ● The number of projects developed to date prove positive experiences gained through the capacity-building and involvement of in-house experts, especially as regards the development of projects in line with the requirements of the GCF and AF. ● A workshop to develop project ideas, involving key national stakeholders proved very useful, including the formulation and validation of an initial theory of change for the project ideas. ● Some entities are keen on developing projects from project idea to approved funding proposal using their own internal staff/experts and have been quite successful in that, even if initial setbacks and inefficiencies had to be overcome. ● Readiness support has been instrumental and useful in formulating project ideas with high potential of receiving support from GCF eventually, e.g., allowing for project idea/CN development workshops involving key national stakeholders and using GCF templates. 	<ul style="list-style-type: none"> ● The initial learning curve, especially in case of adaptation projects. ● Adapting desirable and/or prioritized project ideas to the key requirements of the GCF/AF (climate rationale, investment criteria, AE priorities, accreditation features, etc.). ● Language barrier, especially when receiving GCF comments in English. Interpreters may in some cases lack the required understanding of the GCF/AF. ● Firmly basing project ideas on a climate rationale that is acceptable to GCF. Access to scientific evidence and information that is acceptable to the GCF/AF. ● Nationally approved and available climate impact models, climate information and data may not be acceptable to the GCF in some instances. ● Lack of data related to climate rationale and market. ● The prospect of slow and lengthy processes until a project idea is developed into a FP and approved at GCF Board level impacts planning early on. ● It can be difficult to source experienced, suitable, and available experts to help with project idea formulation and CN development. In some cases, domestic experts lack detailed experience with GCF/AF requirements and international experts may lack required language skills or in-depth knowledge of national circumstances. ● In some cases, the work of consultants provided through GCF consultant rosters has been insufficient and resulted in the AE doing much of the work.

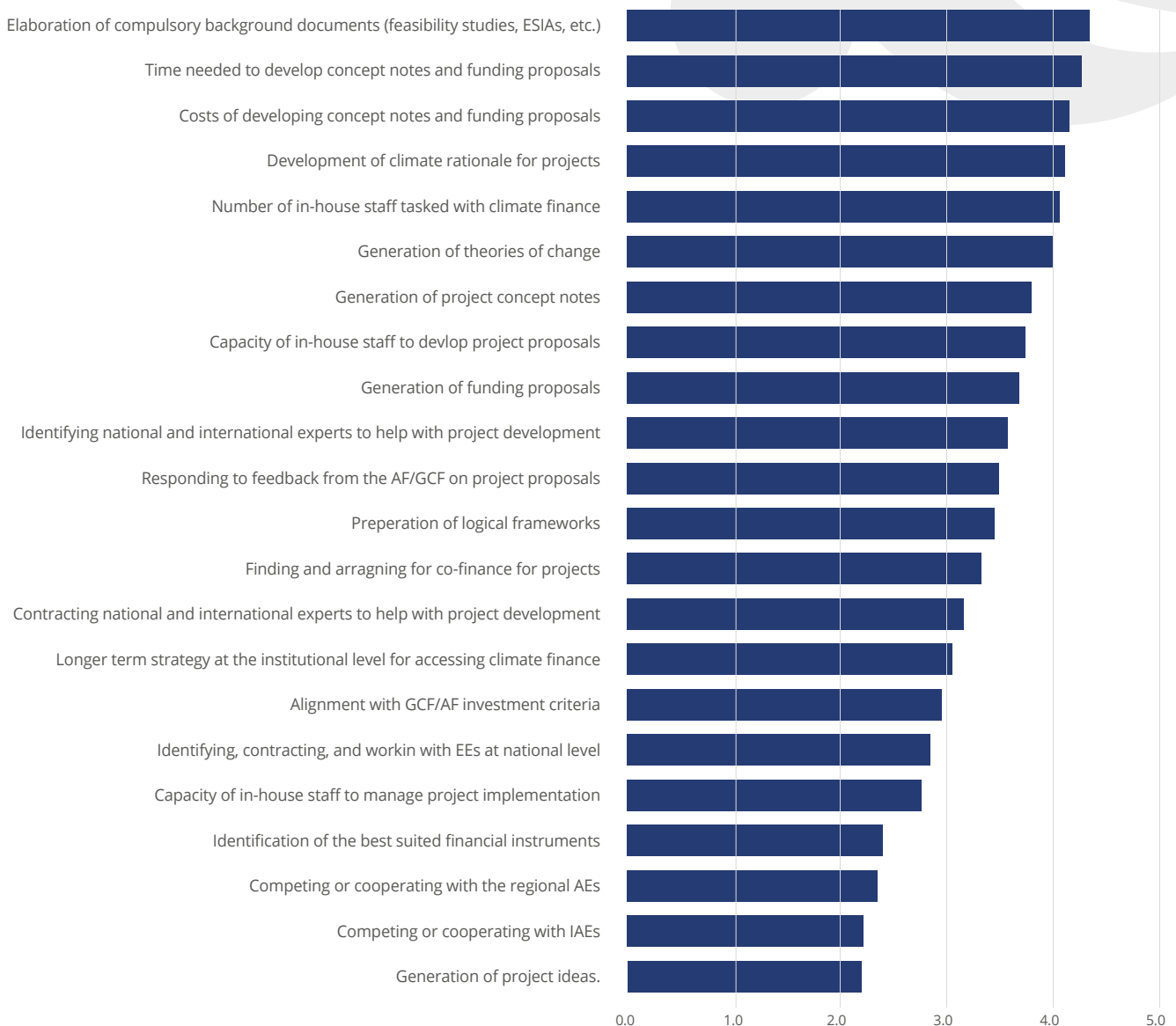
In terms of additional areas related to project development that would be useful to be covered in future experience exchange papers, CPDAE members stated the following during the interviews:

- How to formulate a budget for a CN and FP.
- How to work and align with the updated GCF results framework.
- Best practices for gender assessment and action plans.
- How to implement a Knowledge Management System at institutional level.
- Experience and best practices with South-South cooperation and how South-South cooperation can be best sustained and practiced on a continuous basis.
- Guidance for and support to financial managers of accredited entities.
- How to further enhance and strengthen direct access, including for example:
 - ◊ Strategy for DAEs to influence GCF's direct access policies more effectively.

- ◊ Based on experience, elaborate what the real value added of DAEs is compared to other types of access, e.g., are DAEs more efficient, faster, able to better implement national policies, as may be commonly assumed?
- ◊ What are common standpoints of many DAEs and how can these be voiced better to GCF?
- Best practices in Environmental and Social Impact Assessment.
- Best practices in preparing pre-feasibility and feasibility studies.
- Best practices in preparing FPs.
- Best practices in meeting the requirement to have a project-level grievance redress mechanism.
- Best practices and best resources to elaborate the climate rationale of CNs and FPs including downscaling of available climate change information to intended project locations.
- Best practices in managing NDA-DAE coordination and cooperation to allow for streamlining and efficiency gains.
- Best practices in GCF project reporting, including policies and procedures, tools, digital systems, etc.

CPDAE members could also rate how challenging they perceive their institutions' work regarding various aspects of project preparation. The feedback received during interviews is summarized in figure 2 below.

Figure 2: **Main challenges with GCF/AF project preparation as perceived by CPDAE members.**



Note: Respondents answered the question "In which areas of project development & management does your institution face significant challenges that hinder progress? You can rate your answers from 1 (no challenge at all) to 5 (huge challenge)."

3.2. Good practice tips and suggestions

Good practice tips for project identification and prioritization of projects funded by the AF and the GCF are highlighted in the following table.

Table 3: **Good practice tips for project identification and prioritization for projects funded by AF and GCF**

Proper attention to project idea prioritization:

To make most efficient use of limited financial, human and time resources during often lengthy CN and FP/PP processes, it is useful to carry out meaningful assessment of project ideas and prioritize those ideas which have a high potential for eventual GCF or AF funding. The approaches discussed in this paper at hand and included in the CPDAE prioritization tool can be useful to this end.

Continuous and meaningful training and learning:

Set up long-term, continuous high-quality project development & implementation training and learning programs under CPDAE and at entity level, focused on institutional strengthening and training several entity staff, also to ensure that entities can absorb setbacks if highly skilled staff is leaving the entity.

Practice-oriented learning by doing and experience exchange among CPDAE members:

Develop and use cooperative learning-by-doing models where domestic experts or DAE staff work together with international consultants, aimed not only at delivering certain outputs (CNs and FPs), but also ensuring that domestic experts or DAE staff can do the job next time with no or less international support. Experience exchange among CPDAE members in this area can also be useful.

Facilitate access to tailored climate information:

Improving the identification of and access to scientific climate rationale information, and how this information is best worked into CN's or FP's. Useful could be the enabling of access to eminent universities through CPDAE (e.g., funded by the GCF) to deliver specific, downscaled information needed for developing the climate rationale of projects on a case-by-case basis. This could be done through framework contracts with service providers.

By following these good practice tips, NIEs and DAEs can hopefully implement better project identification and prioritization of projects funded by the AF and the GCF, leading to better CNs and more efficient use of limited resources for project development.

4. Conclusion

DAEs and the NIEs are advised to keep up to date with the latest guidelines and recommendations of the GCF and/or AF related to project identification and prioritization. Notably, GCF and AF policies and guidelines undergo a continuous cycle of refinement and enhancement, hence it is useful to check the GCF and AF websites every few weeks for updates and news.

As CN (and later: FP) development is often very resource intensive, in terms of financial, human and time inputs, CPDAE members should consider assessing and prioritizing project ideas early on in the project cycle, i.e., before taking a decision to elaborate the project idea into a CN. The CPDAE Project Prioritization Tool can be useful in this context.

There are plenty of areas across the GCF and AF project cycles where continued experience exchange among CPDAE members would be useful, as outlined in this paper. Some of these opportunities could be considered for future CPDAE work.