

# THE KINGDOM OF CAMBODIA

THE NATIONAL COUNCIL FOR SUSTAINABLE DEVELOPMENT



December 2020

## OPERATIONAL MANUAL

for the National Designated Authority  
of Cambodia to the Green Climate Fund



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## Foreword

Cambodia is highly vulnerable to the impacts of climate change (CC) and is exposed to frequent flooding and other unpredictable rainfall events as well as to tropical storms and sea-level rise and has a low adaptive capacity. In addition, a large part of the population depends on agriculture and natural resources for their livelihoods and has few other sources of incomes.

Government's response to CC has been mainstreamed into the Rectangular Strategy (RS) and the National Strategic Development Plan (NSDP). Sectoral strategies have been defined in sectoral Climate Change Strategic Plans (CCSPs) and the overarching framework for these plans is the Cambodia Climate Change Strategic Plan (CCCSP) 2014-2023, which identifies 8 objectives and 61 strategies. Three of the objectives promote resilience to CC, one promotes mitigation, and four are devoted to institutional strengthening, through improved capacities, participation, and collaboration.

Supporting developing country parties by means of technology, capacity building, and finance is extremely important and crucial to enable them to implement their ambitious Nationally Determined Contributions (NDC). The Green Climate Fund as a main implementing entity for the UNFCCC with a predicted resource of 100 Billion Dollars a year is considered a very important vehicle for the implementation of national climate action plan and instrumental to achieve the targets of the UNFCCC and Paris Climate Agreement.

The Royal Government of Cambodia (RGC) well recognizes the GCF as a window of funding support and started targeting national stakeholders to raise their capacities in that regard. Supports needed are: capacity building, technology development and transfer, and financial resources to implement adaptation and mitigation actions to achieve a climate resilient, low carbon and equitable development path. Cambodia welcomes the support from the international community to enhance the resilience of our people and to decrease their high vulnerability. Cambodia as a member of Climate Vulnerable Forum is very much committed to her noble targets and with the support needed; we will be able to achieve the Sustainable Development Goal 13 about climate action. Let us work together to avoid irreversible damage of our planet earth and let us do every possible effort to avoid reaching the dangerous tipping points.

The manual is developed in accordance with the GCF Operational Manual Guideline. It has been integrated inputs and comments from a series of consultative meetings and workshops both at technical and management level with key line Ministries, Development Partners, Research Institutes and Academia, and relevant stakeholders. We wish to thank all relevant stakeholders for their kind contribution to make the manual happen. 



**Say Samal**

Minister of Environment

Chair of the National Council for Sustainable Development

## Acronyms and abbreviations

AE	Accredited Entity
AFD	Agence Française de Développement
BAU	Business-As-Usual
BUR	Biennial Update Report
CB	Capacity Building
CBO	Community-Based Organization
CC	Climate Change
CCCA	Cambodia Climate Change Alliance
CCCSP	Cambodia Climate Change Strategic Plan (2014-2023)
CCAP	Climate Change Action Plan
CCFF	Climate Change Financing Framework
CCTWG	Climate Change Technical Working Group
CDC	Council for the Development of Cambodia
CDM	Clean Development Mechanism
CF	Climate Finance
CN	Concept Note
COP	Conference of Parties
CPEIR	Climate Public Expenditure and Institutional Review
CSO	Civil Society Organization
DAE	Direct Access Entity
DCC	Department of Climate Change
EE	Executing Entity
ESS	Environmental and Social Safeguard
FAO	Food and Agriculture Organization
FP	Funding Proposal
GCF	Green Climate Fund
GCFAP	Green Climate Fund Appraisal Panel
GCFRP	Green Climate Fund Readiness Programme
GDP	Gross Domestic Products
GSSD	General Secretariat of the National Council of Sustainable Development
IAE	International Accredited Entity
ITC	Institute of Technology of Cambodia
INC	Initial National Communication
IP	Indigenous People
JCM	Joint Crediting Mechanism
LDC	Least Developed Countries
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MIH	Ministry of Industry and Handicraft
MLMUPC	Ministry of Land Management, Urban Planning and Construction
MME	Ministry of Mines and Energy
MOE	Ministry of Environment
MOH	Ministry of Health
MOT	Ministry of Tourism
MOWRAM	Ministry of Water Resources and Meteorology
MPTC	Ministry of Posts and Telecommunications
MPWT	Ministry of Public Works and Transport
MRD	Ministry of Rural Development
MRV	Measurement, Reporting and Verification

MWAs	Ministry of Women’s Affairs
MSME	Micro, Small and Medium Enterprises
NAP	National Adaptation Plan
NAPAs	National Adaptation Program of Actions
NAMAs	Nationally Appropriate Mitigation Actions
NCCC	National Climate Change Committee
NCDD	National Committee for Sub-National Democratic Development
NCSD	National Council for Sustainable Development
NDA	National Designated Authority
NDC	Nationally Determined Contributions
NGO	Non-Governmental Organization
NOL	No-Objection Letter
NSDP	National Sustainable Development Plan
OM	Operational Manual
PMU	Project Management Unit
PPF	Project Preparation Facility
PSF	Private Sector Facility of the GCF
REDD	Reducing Emissions from Deforestation and Forest Degradation
R and D	Research and Development
RGC	Royal Government of Cambodia
RS	Rectangular Strategy
RUA	Royal University of Agriculture
RUPP	Royal University of Phnom Penh
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
SNC	Second National Communication
SOP	Standard Operating Procedure
SPCR	Strategic Programme for Climate Resilience
TC	Technical Committee
ToRs	Terms of Reference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
USD	United States Dollar
WB	World Bank

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## Executive Summary

Addressing challenges posed by climate change requires significant financial resources. The Royal Government of Cambodia (RGC) has successfully accessed the GCF Readiness support directly to develop the procedures and human capacities required to adequately manage the partnership with the GCF, and coordinate inputs from various stakeholders. The National Council for Sustainable Development (NCSD) is supporting the National Designated Authority for the GCF in Cambodia, in charge of coordinating and approving the GCF portfolio in-country.

The Department of Climate Change (DCC) of the General Secretariat of the NCSD (GSSD) is coordinating the implementation of the proposed activities under the readiness project, which will help the Government manage these demands in an efficient, effective and coordinated way that is well aligned with national development strategy and plan (e.g. National Strategic Development Plan [NSDP]) and Climate Change Policies, Strategies and Plans (e.g. CCCSP), and at the same time meets the requirements of the operational modalities and investment framework of the GCF.

To access (design, appraise, and approve) and utilize (implement, monitor, evaluate, and close the project) the GCF resources and fulfil its duties as an efficient, effective and lean NDA to the GCF, the DCC is supporting the Minister of Environment as the NDA in developing operational manual with standard operating procedures to access and utilize the GCF finance.

The main objectives of the Operational Manual are:

- To understand how bilateral, regional and international climate finance (CF) could be accessed, mobilised, and utilised to implement, monitor, evaluate, scale up and replicate climate adaptation and mitigation solutions and businesses (e.g. within the GCF Country Programme) for achieving the development and climate goals as presented in Figure 1;
- To lay down clearly the roles and responsibilities of the NDA (and service charter) and each CF value chain actors (international and national accredited and executive entities, public, private and CSO partners) within the national development and the CF project cycle (e.g. GCF);
- To establish a coordination and communication mechanism for the NDA to engage with the GCF and CF value chain actors;
- To understand how to identify and convert project ideas into concept notes (CNs) and develop them into high quality and competitive funding proposals (FP) for meeting the GCF investment criteria;
- To elaborate on how to appraise and approve CNs and FPs in a fair and transparent manner using criteria and decision-making tools (multi-criteria and cost-benefit analysis) within the no-objection procedures;
- To understand how to appraise and approve prospective public, private and CSO entities as accredited entity for direct access to the GCF through the nomination and accreditation procedures; and
- To elaborate on how to monitor, validate, report, verify, track and tag of climate finance.

**Standard Operating Procedures (SOP) for the NDA** is a systematic and standardized approach to carry out a set of tasks for ensuring consistent and reliable results e.g. a standardised process to identify, prioritise, design, develop, implement, monitor, evaluate, market, scale up and replicate and closure for climate adaptation and mitigation projects/programmes using the GCF as an example.



The OM will serve as a reference book and a training manual and the content could be used for developing knowledge, communication and marketing products, services and platforms (website content). Individual chapters could be developed as a standalone training manual or marketing brochures. The OM is a living document that will be improved and upgraded on a 3-year basis as new lessons are learned and in response to new GCF procedures and requirements.

The main objective of the OM is to guide and enlighten the NDA staff, public, private and CSO stakeholders in how to access and utilize the GCF resources efficiently and effectively to scale up and replicate proven and transformative climate adaptation and mitigation solutions and viable businesses for achieving the national sustainable development goals and climate goals. The objective will be achieved through the following chapters:

- Chapter 1: **Introduction.** What is the context, rationale, objective, SOP and target audiences of the OM?
- Chapter 2: **National Development Aspirations.** What are the national development aspirations e.g. National Strategic Development Plan (2019-2023), National Strategic Plan for Green Growth (2013-2030) and how could CF be used to achieve these aspirations and to climate proof the development in Cambodia?
- Chapter 3: **National Climate Change Profile and Access to Finance.** What are the national climate goals (e.g. INCR, NDC, NAP) and how could CF be mobilized to strengthen resilience at the national, provincial and local citizen and community resilience to reduce and adapt to climate impacts and to reduce local pollution and GHG emissions whilst protecting the productive assets (land, river, soil, forest, biodiversity) to provide ecological services? **International Climate Finance Landscape e.g. the GCF.** What are the available bilateral, regional and international sources of climate finance and how to access, blend and sequence these resources?. This OM will use the GCF as a guiding example to access and utilize CF.
- Chapter 4: **Stakeholder Engagement Framework.** Who are the key stakeholders and what are their roles and responsibilities and how will the NDA engage with these stakeholders in the development of the GCF Country Programme (CP)? What initial pipeline of potential adaptation and mitigation proposals could be included in the GCF CP?
- Chapter 5: **National institutional and financial framework to access and utilize climate finance.** What are the existing decision-making procedures and how could these be adapted and adopted to access and utilize climate finance?
- Chapter 6: **National Designated Authority (NDA).** What and who is the NDA and what are their roles and responsibilities? What supports does the NDA needs? What is the membership and TORs for the GCF Appraisal Panel (GCFAP)? How to develop an efficient, effective, functional and digitalized NDA secretariat to communicate and coordinate climate actions with CF value chain actors?
- Chapter 7: **Accreditation and Nomination Procedures for International and Direct Access.** Who are the International Accredited Entities and Direct Access Entities and what are their roles and responsibilities and what are the NDA's nomination procedures for accreditation within the GCF's Fit-for-Purpose operational modalities? Frequently asked questions with answers are presented in this chapter.
- Chapter 8: **Executive Entities.** Who are the executive entities and what are their roles and responsibilities? Who else could implement the GCF project/programme?
- Chapter 9: **Concept note and Proposal Development.** How to develop high quality and competitive concept notes and proposal to meet CF requirements e.g. the GCF investment criteria? What readiness and preparatory supports are available and how to access these

supports?

- Chapter 10: **No-objection Procedures.** How to access CF efficiently and effectively (e.g. No-objection procedures within the GCF modality)? Some examples are given here in this outline.
- Chapter 11: **Monitoring and Evaluation System.** How to monitor and evaluate CF projects/programmes? How to capture lessons learned to develop into best practices as development and communication products, services and platforms to share and exchange experiences and skills locally, provincially, nationally, regionally, and internationally?

## Chapter 1: Introduction

### 1.1 Green Climate Fund Context and Rationale

Addressing challenges posed by climate change requires significant financial resources. In the growing literature of climate change, *climate finance* refers to capital flows targeting actions which either reduce or remove greenhouse gas emissions (mitigation) or improve resilience to a changing climate (adaptation). Climate finance is complex because of the diversity of funding sources (public, private, international, national and sub-national) and routes to access this funding.

The Green Climate Fund (GCF) was established in December 2010 with the purpose of making a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change. In the context of sustainable development, the GCF will promote a paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.

The GCF was designated as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It is governed and supervised by a Board that has responsibility for funding decisions pursuant to the Governing Instrument for the Green Climate Fund. It is supported by an independent Secretariat, accountable to the Board, having management capabilities to execute day-to-day operations of the GCF, providing administrative, legal and financial expertise. The GCF's headquarters (the Secretariat) are located in Songdo, Incheon City, the Republic of Korea.

Developed countries have committed to mobilizing new and additional climate finance, with US\$ 100 billion to be mobilized per year by 2020 to assist developing countries to cover the costs of climate mitigation and adaptation. However, the total funding required to avoid global average temperatures exceeding a 2°C rise above pre-industrial levels.

Uncertainties remain on how the funds will be raised, managed and distributed. One of the mechanisms to manage and channel international climate finance is the Green Climate Fund (GCF). The GCF supports climate change projects, programs, policies, readiness and other activities in developing countries. The GCF's objective is to make a significant and ambitious contribution to the global efforts to combatting climate change and to promoting a paradigm shift towards low-emission and climate-resilient development pathways.

The Royal Government of Cambodia (RGC) has successfully accessed GCF Readiness support directly to develop the procedures and human capacities required to adequately manage the partnership with the GCF, and coordinate inputs from various stakeholders. The National Council for Sustainable Development (NCSD) is supporting the National Designated Authority for the GCF in Cambodia, in charge of coordinating and approving the GCF portfolio in-country.

The Department of Climate Change (DCC) of the General Secretariat of the NCSD (GSSD) is coordinating the implementation of the proposed activities under the readiness project, which will help the Government to manage these demands in an efficient, effective and coordinated way that is well aligned with national development policies and strategies, e.g. Rectangular Strategy (RS) and National Strategic Development Plan (NSDP) and Climate Change Policies, Strategies and Plans (CCCSP), and at the same time meets the requirements of the operational modalities and investment framework of the GCF.

To access (design, appraise and approve) and utilize (implement, monitor, evaluate and close the project) the GCF resources and fulfil its duties as an efficient, effective and lean NDA to the GCF, the DCC is coordinating the implementation of the GCF Readiness and preparatory supports under two thematic Areas: Area 1: Strengthened capacity of the NDA in line with NDA functions

according to the GCF operational guidelines and modalities and Area 2: Development of an engagement framework for the preparation of a gender responsive and inclusive GCF Country Programme (CP) with a prioritized pipeline of high quality and fundable concept notes (CNs) and funding proposals (FPs).

## **1.2 Objectives of the overall assignment**

The overall objectives of the assignment are to:

- Strengthen the capacities of the NDA and key stakeholders to fulfill their roles and responsibilities according to the GCF operational guidelines and requirements (e.g. no-objection and Direct Access Entity (DAE) nomination procedures); and
- Support the development of an open, fair, transparent and inclusive national engagement framework with the GCF and key stakeholders with clear communication and coordination strategy to elicit and prioritize a pipeline of high quality and fundable CNs and FPs for the preparation of the Cambodia's GCF Country Programme.

More specifically, the expected outputs are the:

- i. Development of clear and easy-to-use procedures to fulfil the NDA functions efficiently and effectively, including but not limited to the “no-objection” procedure to appraise and approve CNs and FPs for the GCF CP;
- ii. Participatory and interactive training of the NDA staff and key stakeholder (e.g. potential DAEs and Executive Entities [EEs]) to understand their roles and responsibilities and on the endorsed procedures;
- iii. Development of clear and easy-to-use guidance for the nomination of prospective public, private and CSO entities as DAEs to design, implement, monitor and oversee the GCF projects;
- iv. Development of an initial outline of the national engagement framework with clear decision-making mechanisms and facilitation of consultations on the proposed inclusive and transparent framework; and
- v. Support the NDA in integrating comments received from stakeholders from validation workshops and bilateral interviews and in finalizing the engagement framework.

## **1.2 Objectives, SOP and Target Audiences**

**Objectives:** The main objectives of the Operational Manual are:

- To understand how bilateral, regional and international climate finance (CF) could be accessed, mobilised and utilised to implement, monitor, evaluate, scale up, and replicate climate adaptation and mitigation solutions and businesses (e.g. within the GCF Country Programme) for achieving the development and climate goals as presented in Figure 1;
- To lay down clearly the roles and responsibilities of the NDA (and service charter) and the DCC as the Focal Point and each CF value chain actors (international and national accredited and executive entities, public, private, and CSO partners) within the national development and the CF project cycle (e.g. the GCF);
- To establish a coordination and communication mechanism for the NDA and the DCC to engage with the GCF and CF value chain actors;
- To understand on how to identify and convert project ideas into CNs and developed into high quality and competitive FP for meeting the GCF investment criteria;
- To elaborate on how to appraise and approve CNs and FPs in a fair and transparent manner using criteria and decision-making mechanism/tools (multi-criteria and cost-benefit analysis) within the no-objection procedures;

- To understand how to appraise and approve prospective public, private, and CSO entities as accredited entity for direct access to the GCF through the nomination and accreditation procedures; and
- To elaborate on how to monitor, validate, report, verify, track, and tag of climate finance.

**SOP:** Standard Operating Procedures (SOP) for the NDA are:

- A systematic and standardized approach to carry out a set of tasks for ensuring consistent and reliable results;
- A standardised process to identify, prioritise, design, develop, implement, monitor, evaluate, market, scale up, and replicate and closure for climate adaptation and mitigation projects/programmes using the GCF as an example;
- Understanding of the process to:
  - Establish an efficient, functional, lean and digitalised NDA Secretariat
  - Identify and convert project ideas into CNs and developed into high quality and competitive FP for meeting CF requirements (e.g. the GCF investment criteria, results logical framework, budgeting, risk assessment)
  - Understand what the most appropriate CN and FP templates are to be used
  - Appraise and approve CNs and FPs in a fair and transparent manner using criteria and decision-making tools (multi-criteria and cost-benefit analysis) within the no-objection procedures based on the appraisal template
  - Monitor, validate, report, verify of project output and targets based on the results logical framework
  - Track and tag bilateral, regional and international climate finance within the national annual development programme and budgetary system
  - Appraise and approve prospective public, private, and CSO entities as accredited entity for direct access to the GCF through the nomination and fit-for-purpose accreditation procedures
  - Manage and resolve grievances with feedback, and
  - Deal with conflicts of interest – Oath of service and code of conduct.

**Target Audience:** The OM with SOP is intended for the various CF value chain actors:

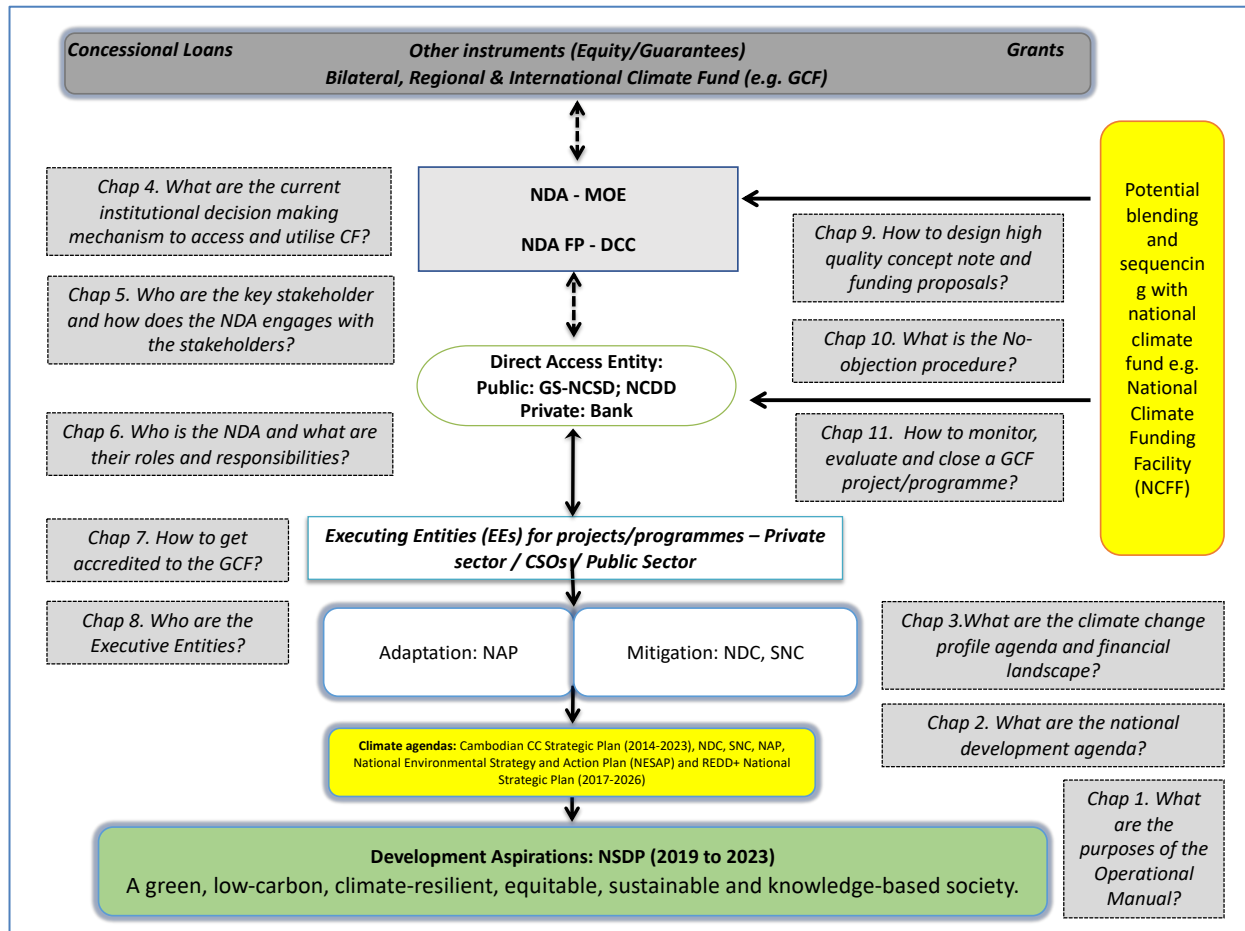
- Current and future NDA staff
- Public: Ministries, departments, agencies, authorities, and local authorities of Finance, Planning, Water, Agriculture, Energy and Natural Resources, Women and Youth Affairs and others
- Private: Banks, Investors, non-profit companies, technology and business service providers
- CSO partners: consumers, CBO, NGOs, R and D and academia.

**Usage:** The OM will serve as both a reference manual (with background information on Cambodia and the GCF) and a training manual and the content could be used for developing knowledge, communication and marketing products, services and platforms (website content). Individual chapter is developed as a standalone training manual (esp. on no-objection and DAE nomination) or marketing brochures to raise awareness on the GCF opportunity. The OM is a 'living' document

that will be improved and upgraded on a 3 years basis as new lessons are learned and in response to changing circumstances in Cambodia and new GCF procedures and requirements.

### 1.3 Layout of the Operational Manual

The topics in the OM are arranged according to the climate finance (CF) governance structure as proposed in Figure 1.



**Figure 1: Proposed Cambodian institutional and financial frameworks to access and utilize bilateral, regional and international climate finance (e.g. GCF) to scale up climate adaptation and mitigation for achieving national sustainable development and climate goals**

The main objective of the OM is to guide and enlighten the NDA staff, public, private, and CSO stakeholders in how to access and utilize the GCF resources efficiently and effectively to scale up and replicate proven and transformative climate adaptation and mitigation solutions and viable businesses for achieving the national sustainable development goals and climate goals. The objective will be achieved through the following chapters:

- Chapter 1: **Introduction.** What is the context, rationale, objective, SOP and target audiences of the OM?
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- Chapter 3: **National Climate Change Profile and Access to Finance.** What are the national climate goals (e.g. INCR, NDC, NAP) and how could CF be mobilized to strengthen resilience at the national, provincial and local citizen and community resilience to reduce and adapt to climate impact and to reduce local pollution and GHG emissions whilst protecting the productive assets (land, river, soil, forest, biodiversity) to provide

ecological services? **International Climate Finance Landscape e.g. GCF.** What are the available bilateral, regional and international sources of climate finance and how to access, blend and sequence these resources? This OM will use the GCF as a guiding example to access and utilize CF.

- Chapter 4: **Stakeholder Engagement Framework.** Who are the key stakeholders and what are their roles and responsibilities and how will the NDA engage with these stakeholders in the development of the GCF Country Programme? What initial pipeline of potential adaptation and mitigation proposals could be included in the GCF CP?
- Chapter 5: **National institutional and financial framework to access and utilize climate finance.** What are the existing decision-making procedures and how could these be adapted and adopted to access and utilize climate finance?
- Chapter 6: **National Designated Authority (NDA).** What and who is the NDA and what are their roles and responsibilities? What supports does the NDA needs? What is the membership and TORs for the GCF Appraisal Panel (GCFAP)? How to develop an efficient, effective, functional and digitalized NDA secretariat to communicate and coordinate climate actions with CF value chain actors?
- Chapter 7: **Accreditation and Nomination Procedures for International and Direct Access.** Who are the International Accredited Entities and Direct Access Entities and what are their roles and responsibilities and what are the NDA's nomination procedures for accreditation within the GCF's Fit-for-Purpose operational modalities? Frequently asked questions with answers are presented in this chapter.
- Chapter 8: **Executive Entities.** Who are the executive entities and what are their roles and responsibilities? Who else could implement GCF project/programme?
- Chapter 9: **Concept note and Proposal Development.** How to develop high quality and competitive concept notes and proposal for meeting CF requirements e.g. the GCF investment criteria? What readiness and preparatory supports are available and how to access these supports?
- Chapter 10: **No-objection Procedures.** How to access CF efficiently and effectively (e.g. No-objection procedures within the GCF modality)? Some examples are given here in this outline.
- Chapter 11: **Monitoring and Evaluation System.** How to monitor and evaluate CF projects/programmes? How to capture lessons learned to develop into best practices as development and communication products, services and platforms to share and exchange experiences and skills locally, provincially, nationally, regionally, and internationally?



## Chapter 2: National Development Aspirations

This chapter provides a snapshot summary of the national development policy, goals, and strategies and how the CF could be accessed and mobilized to achieve the National Development Plans and Strategies as well as SDGs. Understanding the national development aspirations of Cambodia will help to ensure that the concept notes and funding proposals are well aligned with national development aspirations and are demand driven in contributing towards a low carbon and climate resilient development in Cambodia.

### 2.1 National Development policies, goals, and strategies

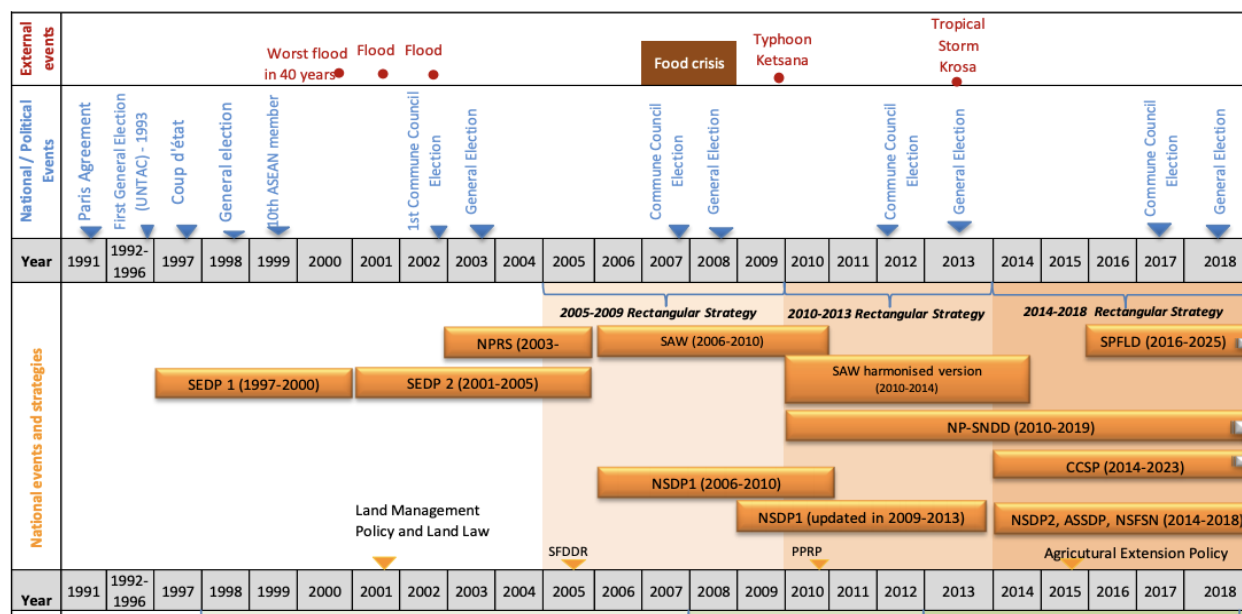


Figure 2: Cambodia timeline and events since 1991<sup>1</sup>

**National Strategic Development Plan (2019-2023):** Cambodia is classified as a least-developed country (LDC) by the United Nations. Her per capita income exceeded USD 1,000 the first time in 2012. There has been a near 5-fold increase in the per capita income in the last decade or so, which is a notable achievement. In this regard, the country might be moving out of her least-developed country status in the near future. Cambodia's NCS development timeline and events since 1991 is illustrated in

Figure 2.

**Rectangular Strategy (RS) for Growth, Employment, Equity and Efficiency:** the RGC has evolved a 'Rectangular Strategy' (RS), which has been the hallmark of development since about 2004. The NSDP (2006-2010) carried forward the agenda laid out in the first Rectangular Strategy, the NSDP (2009-2013) update on the RS Phase II and the NSDP (2014-2018) update on the RS Phase III. The NSDP (2019-2023) carries forward the agenda laid out in the RS Phase IV, which was unfolded in September 2018. The RS provides a development framework, which will be implemented through the next five-year period from 2019 to 2023.

<sup>1</sup> <https://www.ifad.org/documents/38714182/39973201/Cambodia+CSPE+final+draft.pdf/963662a4-168d-4822-a0b7-730d6c66ee46>

The RS is a dynamic document that lays out the political commitment to a socio-economic development process in the coming five years. The RS has undergone four changes in the last decade to keep up with the times. The RS Phase IV as presented in **Error! Reference source not found.** encompasses issues such as good governance, rule of law, and institution building—the basic premise of any society—along with social, economic, and human development and sustainable management of natural resources in this complex set of inter-woven rectangles.

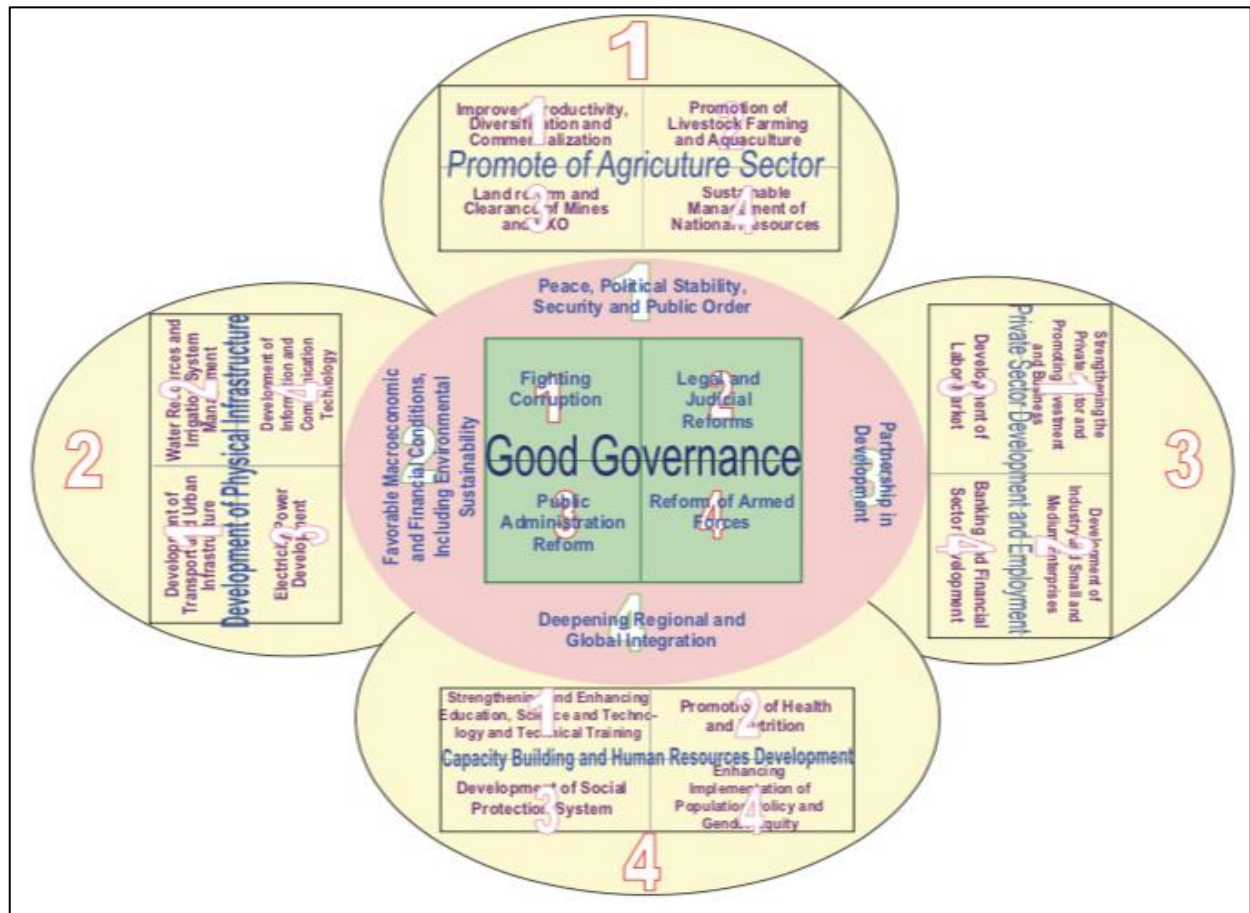


Figure 3: Rectangular Strategy - Phase IV

The Royal Government of Cambodia (RGC) has successfully implemented the Rectangular Strategy for Growth, Employment, Equity, and Efficiency for the last three phases, helping reshape the face of Cambodia with great pride. Overall, the Rectangular Strategy of the last three phases have fulfilled their roles as top-notch socioeconomic development agenda of Cambodia. After three phases of implementation of the Rectangular Strategy, profound transformation of economic structure has taken place and people's livelihoods have been improved in terms of both material and mental aspects through sustainable economic growth, job creation, assurance of social equity, and strengthened governance in governments' institutions. In the medium term, Cambodia's socio-economic development will experience a "New Transformation", that is the transition to upper middle-income country.

Further strengthening is required in the public institutions—the structure of the organization, sets of formal and informal rules of law, human resources, means and financial resources which determine work principles and attitude, be it political, economic or social spheres, within the framework of democratic process and the rule of law that are fully legitimate in order for us to proceed with development by sustaining high economic growth; promoting socio-economic structural change; creating quality jobs for the youth, responding effectively to the expectations

of the people, especially addressing the gradually increasing needs of the people, including access to quality public services, be it physical infrastructure, education, healthcare or other basic services; ensuring social security and welfare of the people; ensuring income security especially for the vulnerable groups; ensuring balanced and lower development gap between urban and rural areas; remaining flexible and vigilant with regional and global developments; taking full advantages of technological development and digitalization especially in the context of the fourth industrial revolution; and lastly; stepping up the effectiveness of the protection and conservation of the environment, natural resources, ecosystem, biodiversity, forest and wildlife sanctuaries as well as adaptation to climate change. Based on the outstanding achievements made through implementation of the last three phases of the Rectangular Strategy, as well as the need to further develop Cambodia as emphasized above, the RGC has put forward her ambitious “Political Platform” which has received overwhelming support from the people reflected through the recent free, fair, and just election which saw a very high voter turnout rate of 83.03%.

The “Political Platform of the Royal Government of the Sixth Legislature of the National Assembly” and the “Rectangular Strategy-Phase IV”, combined, will act as a comprehensive policy framework for formulating the “National Strategic Development Plan 2019-2023” with clearly defined indicators and timeframe for implementation that must be consistent with the RGC’s sectoral policies. In particular, the “Rectangular Strategy-Phase IV” will become a clear blueprint to guide the activities of all development stakeholders to remain within the “Dynamics of Stakeholder System ” to step up development in the medium and longer terms in a sustainable manner by ensuring efficiency and effectiveness of the public institutions and management of all the resources.

In this context, the “Rectangular Strategy-Phase IV” is the “Socio-Economic Policy Agenda” of the “Political Platform of the Royal Government of the Sixth Legislature of the National Assembly” under the umbrella of the constitution of the Kingdom of Cambodia and the shade of the revered His Majesty, King of Cambodia.

## **Challenges and Opportunities of Cambodia**

**Challenges In the medium term:** Cambodia will be on the path to become an upper middle-income country and go through economic structural transformation and changing demography. In this context, Cambodia will face a number of challenges as follows:

- i. Regional and global economy will remain uncertain due to the “trade war” caused by protectionism policy, normalization of monetary policy in developed countries, rapid credit growth in China, increase in oil price, and other issues related to geopolitics, terrorism and global security. This situation can have adverse effect on Cambodian economy which depends on international trade to accelerate the country’s development.
- ii. The assurances of peace, political stability and social order will remain a big challenge due to fragility caused by both internal and external factors. The need to develop quality, competent and productive human resources to respond to socioeconomic development demand which is a key factor underpinning the country’s economic growth and competitiveness at present and in the long term. Although the target for coverage of primary education has been successfully achieved, challenges remain in learning outcome, completion of high school which is the foundation for vocational training and higher education in order to fully capitalize on the current technical advancement and industrial innovations.
- iii. Diversification and creation of value added in industry and service sectors. Challenges include wage growth pressure, employment relations, high transport costs, needed

- improvement in the efficiency of the logistics system, high electricity price compared to neighbouring countries, informal fees, and complicated business environment.
- iv. Stepping up diversification and productivity of the agriculture sector remain a challenge that must be addressed urgently at a new pace and on a new scale because agriculture still plays an important role in the national economy, in particular, its contribution to the poverty reduction, improvement in people's livelihoods, and job creation. Moreover, agriculture helps prevent people from falling back into poverty and reduce income gap of the people as well as development gap between urban and rural areas. More importantly, investment in the agriculture sector will contribute to ensuring food security in the long term as well as maintaining food price at low level to ensure positive effect on the real wages.
  - v. The provision of public and judicial services has not earned sufficient trust from the public, insufficient institutional and regulatory framework, officials' understanding and ability to enforce the law are below the level required by the Royal Government. At the same time, structural arrangement as well as the transfer of function and resources to sub-national administration have not fully responded to the needs of democratic development at sub-national level.
  - vi. The quality of healthcare services still remains a challenge in spite of remarkable improvement in public healthcare services. While the livelihoods and living condition of the people have changed, health policies must be reviewed on all aspects, be it supply, service delivery, service quality, financing, and coverage.
  - vii. Challenges in the financial sector include high interest rate, low domestic savings, and rising household debt. While the banking and finance sector experiences a significant progress, credit growth and interest rate still remain high in spite of gradual decline. In addition, low domestic savings has made Cambodia rely on external sources of capital for investment. While Cambodia is gradually losing her access to concessional loans, domestic savings will be the key source of capital for both public and private investment.
  - viii. Although the environment and natural resources management has been improved through strengthening of the mineral resources management; implementation of the forestry and fisheries sector reform including fisheries conservation, as well as land reform; improvement in the management of water resources including ecosystems of Tonle Sap lake and Mekong river, there are still challenges that require more efforts and initiatives to ensure sustainable development. **Additionally, climate change has been causing adverse effect on the ecosystem as well as socio-economic development of Cambodia.**
  - ix. Cambodia is gradually graduating from the LDC status, which may lead to the reduction or complete loss of favourable treatment by key development partners. Therefore, Cambodia needs to take full advantages of the current opportunities and ensure new favourable markets as well as enhance competitiveness to further promote diversification of products for exports.

**Opportunities:** The current global and domestic contexts provide Cambodia with the following opportunities:

- a. In the context of global economic recovery, which is expected to be better than the previous years, especially with her major trading partners, Cambodia is expected to maintain a concrete growth momentum in the medium term reflected through flourishing business activities, continued growth in FDI, continued increase in domestic demand and improvement in international trade.
- b. The shift of economic center of gravity to Asia, especially East Asia, continues to be the "golden opportunity" for Cambodia to develop and modernize her industries, productions and services along with other regional countries as Cambodia is located at the center of a region enjoying vibrant economic growth and might become an important part of the production chains in East Asia.

- c. Fierce competition between trade blocs in Asia-Pacific such as Regional Comprehensive Economic Partnership, Trans-Pacific Partnership as well as other cooperation initiatives will result in massive trade liberalization of goods, services, and investment in the region. This trend will give Cambodia, as an ASEAN member, the opportunities to absorb investment and expand her export markets through promotion of her industry and trade linkages, physical and institutional connectivity along with the integration into regional and inter-regional production and supply chains.
- d. Cambodia has vast potential for further financial sector development, including deepening of financial intermediary operations, promotion of insurance industry and development of securities market. Demographic dividend and low dependency ratio along with the increase in the number of people in the middle class will create a favorable condition for Cambodia to achieve high economic growth for the next three decades. Technological advancement in the current stage of industrial revolution 4.0 will result in the creation of new kinds of jobs and businesses. Digital economy, which is advancing very quickly, will provide a great opportunity for Cambodia to improve her economic structure, thanks to the high rates of telephone and internet users.

However, the weakness lies in the implementation effectiveness, which is primarily related to institutional capacity, and the effectiveness of inter-institutional-ministerial coordination in laying out and implementing concrete policy measures. Moreover, there are still gaps in daily activities that have not been properly aligned with the objectives and policy of the Royal Government as well as ministries institutions. In this sense, the need to further implement the Rectangular Strategy Phase IV is reflected in the following aspects:

- i. The need to further strengthen and expand the Royal Government's achievements in the Fifth Legislature as well as to complete the remaining tasks within the previous three phases of the Rectangular Strategy through strengthening peace, political stability, security and social order; promoting state of law, human rights and dignity, liberal multi-party democracy; and implementing concrete measures to enhance people's livelihoods and welfare, especially solving the issues of "Efficiency" in governance and social justice, as well as improvement in public service quality.
- ii. The need to seek new growth sources to ensure high and sustainable economic growth by taking full advantage of the regional opportunities, creating value added in the existing economic pillars and their related sub-sectors, encouraging investment in agriculture, ensuring readiness to grab new technologies in the era of digital economy as well as to grab opportunities and to overcome potential challenges in the context of industrial revolution 4.0, and enhancing Cambodia's competitiveness in response to new concerns and demand from the people in new development phase and our goal of becoming an upper middle-income country by 2030 and a high-income country by 2050.

On this basis, the Royal Government has determined "4 Strategic Goals" and "4 Priority Areas" to underline her commitment to further implementing the "Rectangular Strategy Phase IV".

#### **The 4 Strategic Goals include:**

1. Ensuring sustainable economic growth of around 7% per annum which is resilient to crises through diversifying into new growth sources to widen the growth base and enhance competitiveness while maintaining the macro-economic stability through containing the inflation, ensuring the stable exchange rate for Riel, increasing the international reserve on regular basis and managing public debt vigilantly.
2. Creating more jobs, in terms of both quality and quantity aspects, for the citizens of Cambodia, especially for the youth through skill training, provision of job market information, improvement in working condition and promotion of business and investment inside and outside the country.
3. Achieving the poverty reduction target of below 10%, preventing the return of poverty by focusing on enhancing market participation implementing social protection policy, lowering burden of daily life along with the provision of quality public services, and reducing social gap.
4. Further strengthening the capacity and governance of public institutions, at both national and sub-national levels, to ensure effectiveness and efficiency of public services delivery aimed at serving the people better as well as improving business and investment environment. The 4 Priority Areas include: In the past Legislatures, the Royal Government identified four priority areas, viz. Road, Water, Electricity, and People to set the agenda for development while priority order of these four priority areas have been changed according to development phase. In the first two Legislatures, the Rectangular Strategy gave the top priority to Road, followed by Water, Electricity and People.

In the Rectangular Strategy – Phase III, People became the top priority, followed by Road, Electricity and Water. For this 6th Legislature, the Rectangular Strategy – Phase IV will continue to focus on the same “4 Priority Areas”, but gives the top priority to People. In this sense, the 4 “Strategic Rectangles” of the Rectangular Strategy will be revised to reflect the “4 Priority Areas” and other tasks that respond to Cambodia’s new phase of development as follows:

- **Rectangle 1 - Human resource development:** 1). Improving the quality of education, science and technology; 2). Vocational training; 3). Improving public healthcare and nutrition; and 4). Strengthening gender equality and social protection.
- **Rectangle 2 - Economic Diversifications:** 1). Improving logistics system and enhancing transport, energy and digital connectivity; 2). Developing key and new sources of economic growth; 3). Readiness for digital economy and industrial revolution 4.0; and 4). Promoting financial and banking sector development.
- **Rectangle 3 – Promotion of private sector development and employment:** 1). Job market development; 2). Promotion of SME and entrepreneurship; 3). Public-private partnership; and 4). Enhanced competitiveness.
- **Rectangle 4 – Inclusive and sustainable development:** 1). Promotion of agricultural and rural development; 2). Strengthening sustainable management of natural and cultural resources; 3). 2 Poverty reduction can be achieved through implementing social protection mechanism and preventing the return of poverty by promoting people’s participation in and gaining benefits from the market without relying on support from the

government and strengthening management of urbanization; and 4). Ensuring environment sustainability and readiness for climate change.

#### Summary

- The “Political Platform of the Royal Government of the Sixth Legislature of the National Assembly” and the “Rectangular Strategy-Phase IV”, combined, will act as a comprehensive policy framework for formulating the “National Strategic Development Plan 2019-2023” with clearly defined indicators and timeframe for implementation that must be consistent with the RGC’s sectoral policies.
- ***The GCF Country Programme with a pipeline of prioritized and demand driven proposals could play a small part in contributing to the achievements of the RS.***
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## Chapter 3: Climate Change Profile and Climate Finance Landscape

This chapter provides a quick snapshot of the climate change profile, responses and climate finance landscapes and elaborates on the window of opportunities available to Cambodia. This serves as a reminder to ensure the CNs and FPs to be developed are well aligned with the climate agenda in Cambodia.

### 3.1 Response to climate change challenges

Cambodia is adversely affected by climate change that compounds the problem of scarcity of water resources, food insecurity, land degradation and endangering the livelihood of Cambodian communities. This is further exacerbated by an increase in frequency and intensity of extreme weather and climate events such as drought, flash flood, winter storms, and heat waves.

To overcome these challenges, Cambodia has been very proactive in pursuing climate governance as illustrated by the following actions:

- i. Cambodia ratified the United Nations Framework Convention on Climate Change (UNFCCC) on 18 December 1995. The Convention entered into force for Cambodia on 17 March 1996; Signed and ratified Paris Agreement and became a state party to Paris Agreement.
- ii. In October 2009, the CCCO (created in 2003) was promoted to the Climate Change Department (CCD) by the government sub-decree No. 175, dated 14 October 2009. It is an arm of the Directorate General of Administration for Nature Conservation and Protection (GDANCP) of the Ministry of Environment with a mission to contribute to sustainable development under climate change conditions and in accordance with the policy of the Royal Government of Cambodia.
- iii. In May 2015, responding to the MOE's structural reform, the Department of Climate Change (DCC) substituted for the CCD has been moved under the General Secretariat of the National Council for Sustainable Development (GSSD) mandatory to promote sustainable development aimed at ensuring economic, environmental, social, and cultural balance within the Kingdom of Cambodia.
- iv. The Cambodian Government has nominated the Minister of Environment as the Country's National Designated Authority (NDA) to the GCF with the DCC serving the contact point and
- v. Submitted Second National Communication Report (SNC, 2015)<sup>2</sup>, National Adaptation Plan (NAP), Nationally Determined Contributions (NDC) in August 2015, and the Biennial Update Report together with technical annex in September 2020 to the UNFCCC.

**Cambodia Climate Change Strategic Plan (2014 – 2023):** The vision, mission and goals of the CCCSP were formulated based on the analysis of institutional capacity, observed climate change impacts and climate change projections.

**Vision:** Cambodia develops towards a green, low-carbon, climate-resilient, equitable, sustainable and knowledge-based society.

**Mission:** Creating a national framework for engaging the public, private sector, civil society organizations and development partners in a participatory process for responding to climate change to support sustainable development.

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<sup>2</sup> <https://unfccc.int/resource/docs/natc/khmnc2.pdf>

## Goals:

- Reducing vulnerability to climate change impacts of people, in particular the most vulnerable, and critical systems (natural and societal);
- Shifting towards a green development path by promoting low-carbon development and technologies; and
- Promoting public awareness and participation in climate change response actions.

To achieve the vision, mission and goals, the Royal Government of Cambodia (RGC) has identified eight strategic objectives:

1. Promote climate resilience through improving food, water and energy security;
2. Reduce sectoral, regional, gender vulnerability and health risks to climate change impacts;
3. Ensure climate resilience of critical ecosystems (Tonle Sap Lake, Mekong River, coastal ecosystems, highlands, etc.), biodiversity, protected areas and cultural heritage sites;
4. Promote low-carbon planning and technologies to support sustainable development;
5. Improve capacities, knowledge and awareness for climate change responses;
6. Promote adaptive social protection and participatory approaches in reducing loss and damage due to climate change;
7. Strengthen institutions and coordination frameworks for national climate change responses; and
8. Strengthen collaboration and active participation in regional and global climate change processes.

The CCCSP (2014–2023) has set out a number of actions structured into three phases of implementation: **In the immediate term (2013 – 2014):** The focus of this phase is on putting in place institutional and financial arrangements for the implementation of the CCCSP, development of national monitoring and evaluation (M&E) frameworks and indicators, and development of climate change action plans (2014 – 2018) by line ministries.

**In the medium term (2014 – 2018):** This phase will continue to support the implementation of what was planned in Phase 1, with expansion to cover other activities such as accreditation of the Adaptation Fund and Green Climate Fund, research and knowledge management, capacity development, mainstreaming of climate change across sectors at different levels, operation of M&E and data management systems, and launching some high priority projects/programmes in key sectors identified in the Climate Change Action Plans. Initial priority would be given to adaptation activities but gradually GHG mitigation activities will be included. The RGC may undertake a review and revision of the CCCSP 2014 – 2023 building on the lessons learned in Phases 1 and 2.

**In the long term (2019 – 2023):** The focus of this phase will be on research and learning, but its main objective will be to scale up success cases and to continue mainstreaming climate change into national and sub-national programmes. This will involve an increased use of budget support for national programmes, including funding climate change responses through sub-national administrations. ***The GCF provides an opportunity to translate the policy into tangible climate solutions as inclusive businesses on the ground to benefit local community.***

### 3.2 International climate finance landscapes and the GCF

This section provides an overview of the major bilateral and multilateral sources of funding to scale up climate adaptation and mitigation solutions e.g. Green Climate Fund, Adaptation Fund, the GEF and the related fund of Special Climate Change Fund, Climate Technology Centre and Network (Figure 4 and Figure 5). It is likely the GCF will become the main sources of multilateral finance to fund climate actions in developing countries (including Cambodia) through consolidation of other funds e.g. Adaptation Fund to meet the Paris Agreement.

The GCF offers the most opportunities and Cambodia will continue to improve and upgrade her readiness to access this fund especially on the **Enhanced Direct Access and Simplified Approval Process windows and the Private Sector Facility windows**. Among the other fund, climate insurance offers great opportunity for the GCF resources to be used to scale up climate-indexed insurance at the farm level.

### 3.3 What is the GCF and how to access and utilize the resources?

#### A. Eligibility and thematic areas of the GCF finance:

- All signatories to the UNFCCC from the developing countries are eligible to apply for the GCF resources.
- The GCF resources will be used to fund incremental costs for activities in adaptation, mitigation (including REDD plus), technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries, projects vs. programmes.
- 8 thematic areas covered are 50/50 split for adaptation and mitigation and cross cutting projects/programmes are strongly encouraged by the GCF (Figure 6).

#### B. Allocation of resources:

- The GCF's guidelines are based on cross-cutting proposals; results-based approach; country-driven approach; geographically balanced approach; Private sector mitigation and adaptation activities at the national, regional and international levels. For adaptation, fifty percent is allocated for the LDC, SIDS and Africa

#### C. Funding windows and fund structure:

- The GCF Readiness and Preparatory Support windows are: technical assistance in preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund.
- The Private Sector Facility seeks to directly and indirectly finance country-driven private sector mitigation and adaptation solutions at the national, regional and international levels by supporting and empowering value chain actors (MSMEs, business service providers, local financial intermediaries) in SIDS and LDCs and developing countries.

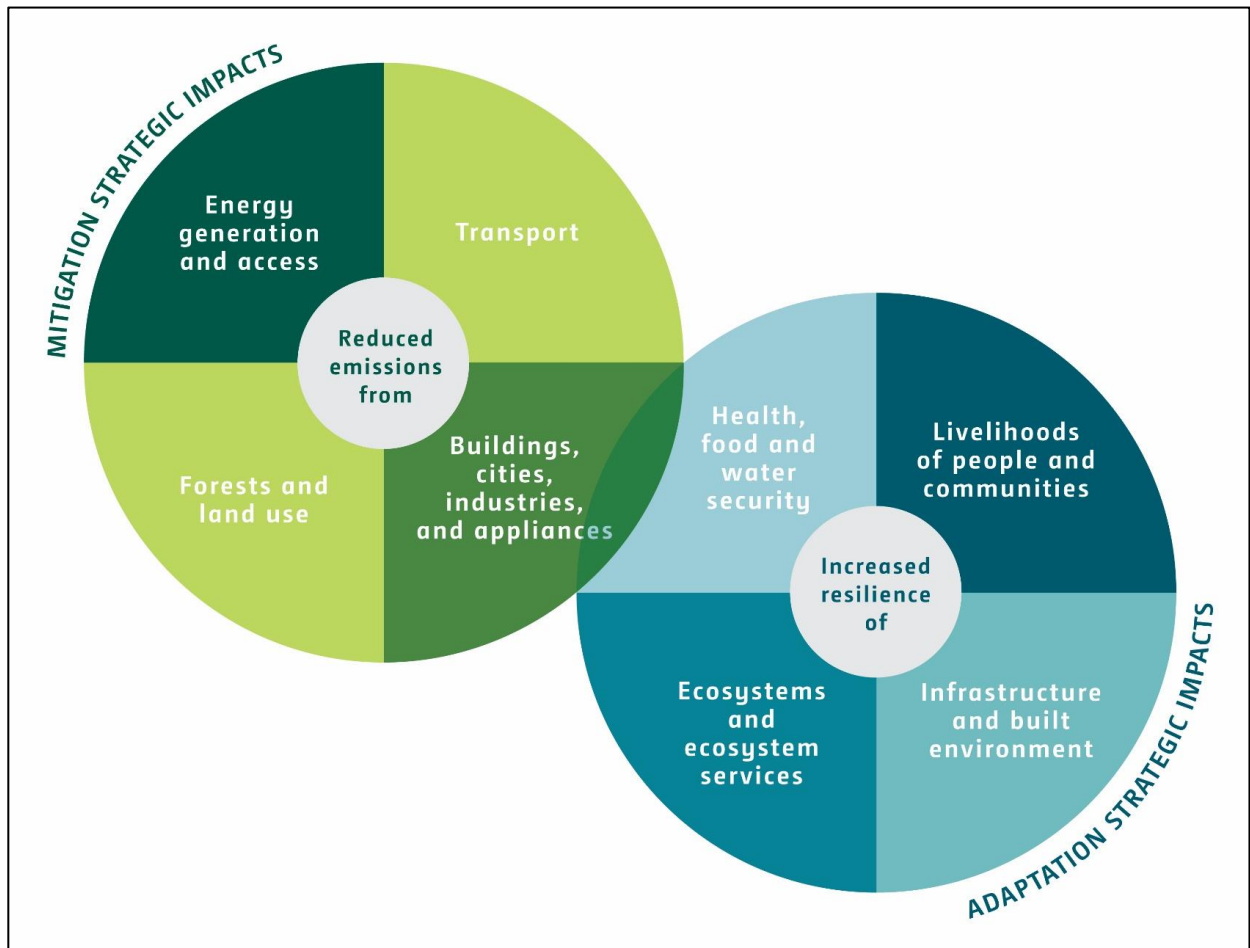


Figure 4: GCF's 8 Thematic Areas on Adaptation and Mitigation

# Global Architecture of Climate Finance

LEGEND

- Funds analyzed in this report
- Implementing agencies
- Funds not analyzed in the report

\* The CIFs are administered by the World Bank.

\*\* GEF serves as secretariat for all the nonmarket UNFCCC funds except the GCF

Note: The schematic is indicative and does not capture all countries, climate funds and initiatives.

Source: Adapted by authors from ODI and HBF 2016.

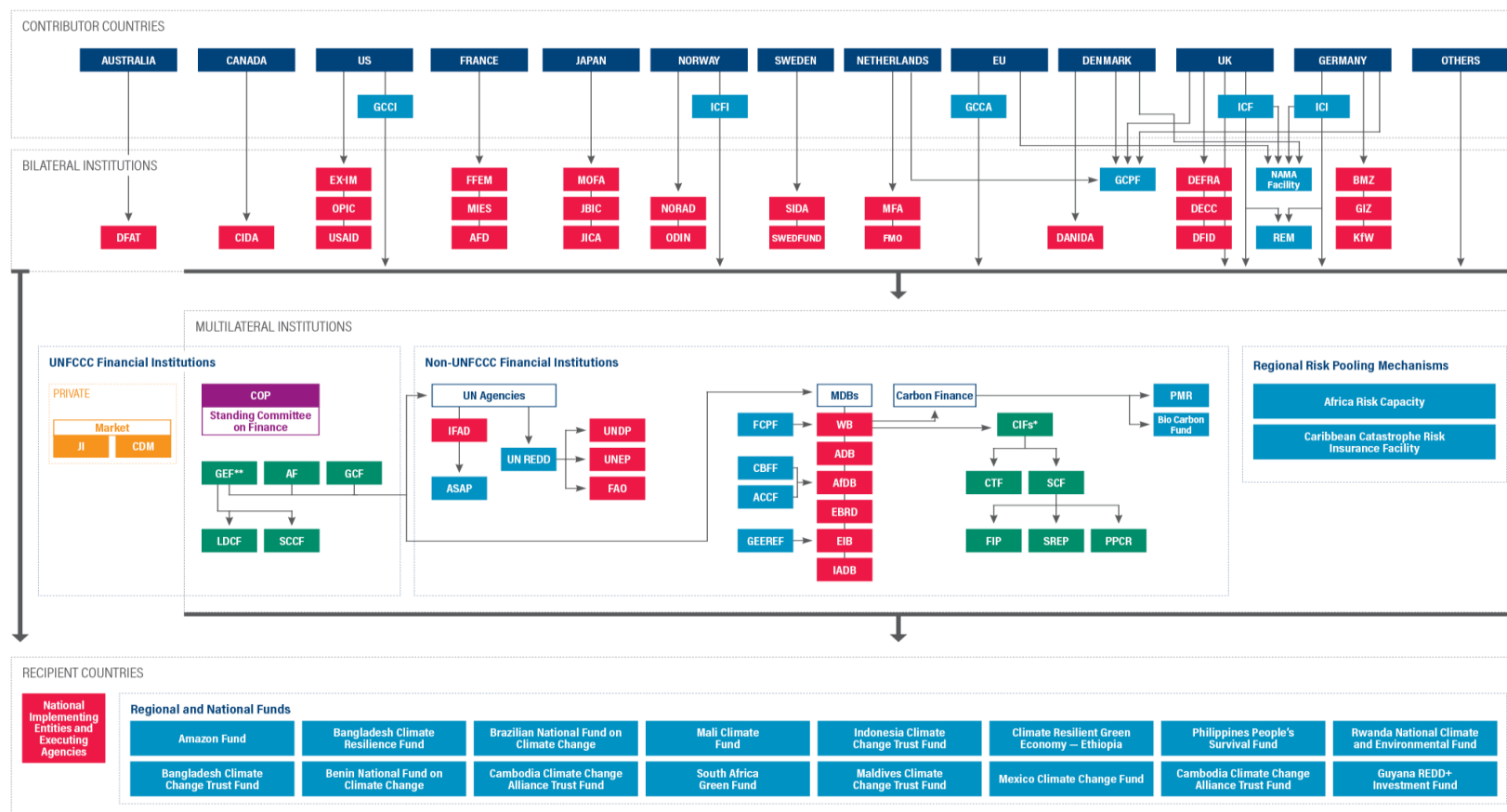


Figure 5: Climate Finance Landscape

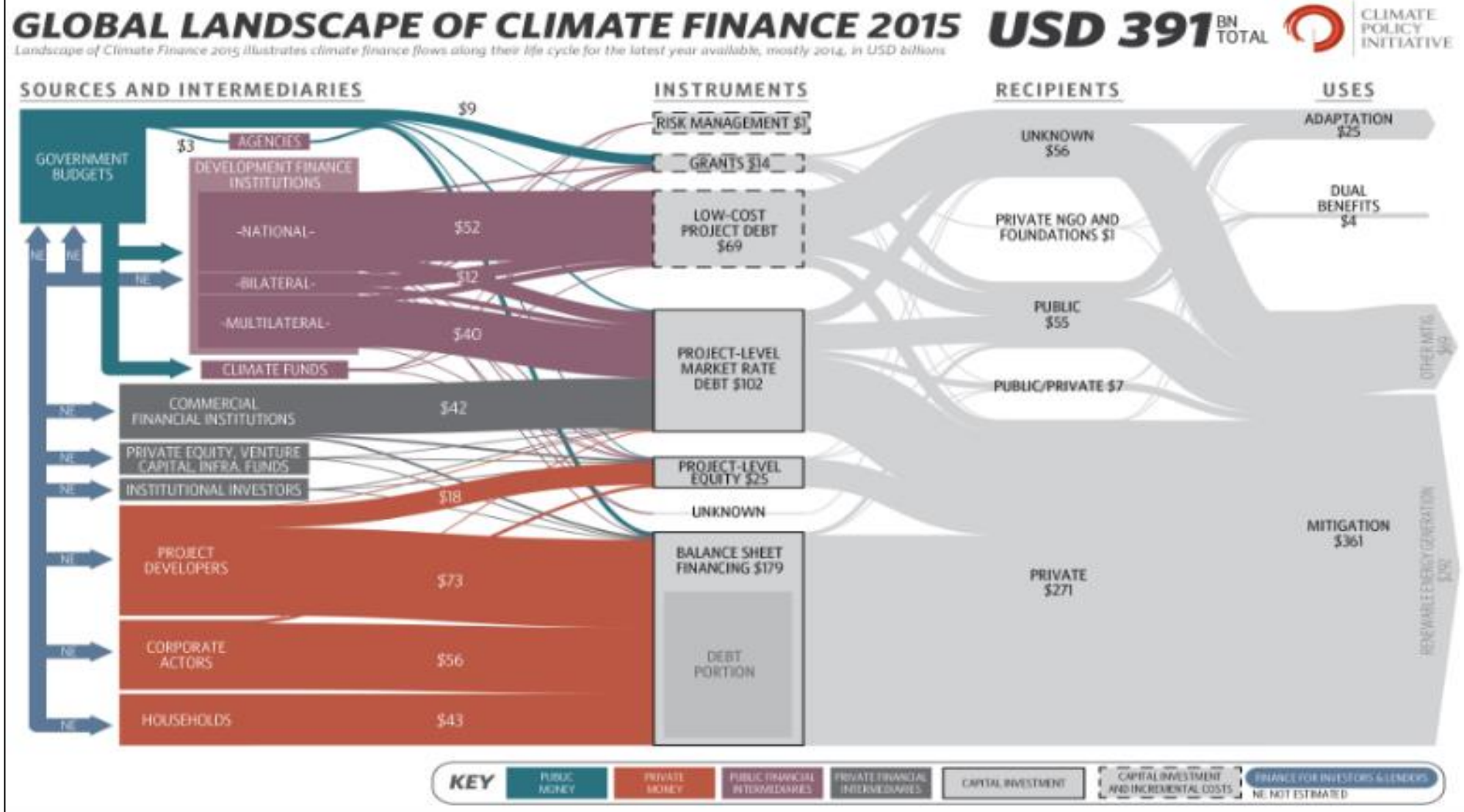


Figure 6: Climate Finance Landscape and volume of funding

## Chapter 4: Stakeholder Engagement Framework

This chapter explains who are the key climate finance stakeholders in Cambodia and what are their roles and responsibilities and how the NDA and the DCC as NDA FP will engage with them to access and utilize climate finance e.g. the GCF. Cambodia needs to ensure stakeholders ownership of the climate change programmes through a consultative process that is open, fair, transparent, and inclusive. In this context, a Stakeholder Engagement Framework (SEF) is required to systematically involve concerned national stakeholders in the GCF process in Cambodia with clearly defined roles and process of involvement.

### 4.1 Guiding principles of the stakeholder engagement framework (SEF)

The Stakeholder Engagement Framework<sup>3 4</sup> and process will be guided by following principles:

#### i. Multi-stakeholder and participatory approach

- Generating strong buy-in, ownership with active and constructive participation of all the key development and climate stakeholders from various sectors will help to foster success of the GCF process in Cambodia where an open, transparent, fair, and inclusive multi-stakeholders and consultative process are promoted. This approach will help to complement the roles of the various stakeholders and promote synergy and break down any unintended 'silo' and barriers.
- The SEF seeks to promote the culture of sharing responsibilities as well as mutual accountabilities by all the stakeholders in the GCF process based on their well-defined roles and responsibilities.

#### ii. Programmatic and proactive approach

- A programmatic instead of a piece-meal and project-based approach will be applied in the SEF process for Cambodia. A programmatic approach will ensure sustainability by reducing duplication of efforts, overlaps and promote coherence in the operation and monitoring of the GCF process. National stakeholders will take lead and manage the GCF process to ensure alignment with national development and climate aspirations, priorities and needs.
- Stakeholders engagement will be considered as an ongoing and iterative process with essential follow up, continuous update and regular assessment of progress rather than viewed as an one-off event. Cambodia's prior practices and learning will be considered while defining the roles of stakeholders and engaging them in the GCF process (further elaborated in Chapter 5). The multi-donors CCCA programme has already generated valuable experience and lessons learned in the appraisal and approval of grants for project. The challenges faced will inform the design of the SEF in Cambodia. ***But the remaining challenge will be how to stimulate the active participation from the public, private, academia and CSO stakeholders (given their own workload and priorities) who are able to support the NDA/DCC to make rapid and constructive contribution in the appraisal of CN/FP and prospective DAE nomination.***

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<sup>3</sup>Engaging with the Green Climate Fund: A resource guide for national designated authorities and focal points of recipient countries [https://www.greenclimate.fund/documents/20182/194568/GCF\\_ELEMENTS\\_01.pdf/542c1610-81b4-40df-be62-025cef3d26d8](https://www.greenclimate.fund/documents/20182/194568/GCF_ELEMENTS_01.pdf/542c1610-81b4-40df-be62-025cef3d26d8)

<sup>4</sup> United Nations Development Programme (2018). Engaging the Green Climate Fund – GCF Readiness Programme Report. New York, UNDP. <http://www.gcfreadinessprogramme.org/sites/default/files/Lessons%20learnt-%20October10.pdf>



### **iii. Promote gender and social inclusion in the climate finance sector**

- The SEF seeks to promote and ensure an open, fair, transparent, inclusive, and gender responsive consultation process e.g. no-objection and DAE nomination procedure. The inclusion and gender perspective will be mainstreamed into the composition, decision making mechanism and operation of the multi-stakeholder and multi-sector SEF process. The framework to promote social and environment safeguards in the GCF process in Cambodia is one of the key requirements to access the GCF resources.

### **iv. No conflict of interest of the stakeholders involved in the GCF process.**

The SEF seeks to ensure that there is no conflict of interest of the stakeholders involved in the GCF process. For example, in Chapter 5, the members of the GCF Advisory Task Force will have to sign a Code of Ethics.

## **4.2 Why stakeholders need to be engaged in the GCF process?**

Ownership of all concerned national stakeholders of the GCF such as the NDA, the DCC, members of the GSSD, the MOE, the MEF, the MoP, the RGC line ministries and agencies, the GCF Appraisal Panel, the DAE and the IAEs is crucial for the success of the GCF process in Cambodia. Such ownership could only be achieved by engaging all relevant stakeholders in climate finance/GCF process based on their roles, interest and ability. Sharing both responsibilities as well as accountabilities by all concerned stakeholders in the GCF process is equally important to make the GCF process more transparent and accountable. Further, meaningful engagement and functional coordination of stakeholders in the GCF process will bring synergy on climate change sector in Cambodia while avoiding duplication of work.

Joint and coordinated efforts of the stakeholders in different stages of the GCF process will lead towards the success in achieving the intended results. With providing space and opportunities to all the concerned actors within the government, the private sector, civil society, academia, and other relevant stakeholder groups in the GCF process based on their roles and strengths, ownership among the SH shall be created and the expected results shall be achieved on stipulated time jointly.

Further, clarity on the roles and responsibilities of stakeholder to be involved in the GCF process, is required to avoid possible confusion among stakeholders involved in the GCF process. The stakeholder engagement framework is expected to bring clarity on the space and roles of stakeholders on the GCF process.

Stakeholder engagement process promotes inclusiveness. The GCF's environmental and social safeguards require that funding proposals for projects/programmes need to have an environmental and social management system (ESMS) that establishes a process of stakeholder engagement. The Fund's environmental and social safeguards require to ensure that all key stakeholders are engaged in the GCF process and well aligned with relevant provisions of the Fund.

**4.3 Key stakeholders and their engagement priorities in CC and the GCF process in Cambodia**

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 responding to concerns on climate change in Cambodia. 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 Cambodia. Cambodia 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 the 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 exercise. Table 1 below presents the key stakeholders involved in the climate change activities and Table 2 highlights the actors and their potential areas of engagement and involvement in the GCF process.

Table 1: National climate change stakeholders in Cambodia		
Group of institutions	Institution	Major areas of Activities
Government	Ministry of Environment	<ul style="list-style-type: none"> <li>• Coordinate/facilitate policies, strategic plans, action plans, legal instruments, mobilizing resources programmes and projects formulation and implementation related to sustainable development particularly GHGs mitigation and CC adaptation</li> <li>• Promote Climate resilience and climate change mainstreaming in its sectors and sub sectors</li> <li>• Promote low-carbon technology</li> <li>• Improve capacity, knowledge and awareness for CC response</li> <li>• Strengthen institution and coordination frameworks</li> <li>• CCTWG member</li> </ul>
	General Secretariat of the National Council for Sustainable Development	<ul style="list-style-type: none"> <li>• Coordination body for cross cutting issues and supporting inter-ministries to mainstream climate change into their policy, strategy and planning formulation process;</li> <li>• Promoting climate change mainstreaming</li> <li>• Formulating, directing, mainstreaming and evaluating policies, strategic plans, action plans, legal instruments, mobilizing resources programmes and projects related to sustainable development</li> <li>• Establishing and fostering partnerships with development partners, private sector, academia, and other relevant stakeholders aimed at supporting sustainable development</li> <li>• Encouraging and promoting policy research and development, capacity development, innovation technologies and climate change information dissemination.</li> <li>• CCTWG Chairman and vice chair</li> </ul>
	Ministry of Planning	<ul style="list-style-type: none"> <li>• Coordinate inter-ministries to integrate climate change into their sector development planning</li> <li>• Coordinate and support CSDG implementation which was included climate change indicators (target 13)</li> <li>• Member of climate change technical working group (CCTWG)</li> <li>• Integrate and track climate change in public investment programme and its their database</li> <li>• CCTWG member</li> </ul>
	Ministry of Economy and Finance	<ul style="list-style-type: none"> <li>• Integrate climate change in public finance through three year rolling of budget strategic plan (BSP) and annual budget circular</li> <li>• Support line ministries to integrate climate change impact on their budget proposal and BSP</li> <li>• Conduct annual climate public expenditure review (CPER)</li> <li>• Conduct policy research on linkages between climate change and economic / development policy objectives, and advise decision makers</li> <li>• CCTWG member</li> </ul>
	Ministry of Interior (NCDD-s)	<ul style="list-style-type: none"> <li>• Design and implement the national program on democratic development at sub-national</li> <li>• Prior to the transfer of functions and responsibilities to the councils at sub-national administrations, formulate procedures and formats for the integration of development plans and budgets of the ministries and institutions at sub-national level into the development plan and budget of the respective council</li> <li>• Currently, the NCDD-S is the first government institution to become an AE for the GCF</li> <li>• Mainstreaming Climate Change into sub-national level particularly commune/sangkat planning (CIP/CDP)</li> <li>• CCTWG member</li> </ul>

Ministry of Water Resources and Meteorology	<ul style="list-style-type: none"> <li>• Hydrological planning and management, early warning</li> <li>• Flood and drought management</li> <li>• Restoration/rehabilitate and new construction of irrigation system and dyke</li> <li>• Improve capacity on water management and meteorology</li> <li>• CCTWG member</li> </ul>
Ministry of Information	<ul style="list-style-type: none"> <li>• Popular investigation, Transparency, Accountability, Awareness raising</li> <li>• Hot news broadcasting related to climate change impact, weather and other issues</li> <li>• Climate change talk show and debate</li> </ul>
National Committee for Disaster Management	<ul style="list-style-type: none"> <li>• Immediate disaster response (flood, drought, storm, disease and other natural disaster)</li> <li>• Emergency measures, Pre- and post-disaster relief and rehabilitation, Food security</li> <li>• CCTWG member</li> </ul>
Ministry of Education, Youth and Sports	<ul style="list-style-type: none"> <li>• Motivation, Promotion, Awareness raising, Training</li> <li>• Integrate climate change education in national curriculum from grad 10-12 of high school</li> <li>• CC resilience of school, university and education facilities</li> </ul>
Ministry of Health	<ul style="list-style-type: none"> <li>• Reducing malnutrition and strengthening food safety</li> <li>• Combating water stress, vector borne/water borne disease</li> <li>• Building capacity on climate change impact on public health</li> <li>• waterborne and vector born disease prevention</li> </ul>
Ministry of Rural Development	<ul style="list-style-type: none"> <li>• Climate resilient infrastructure (rural road, bridge, building)</li> <li>• Mainstreaming climate change into the MRD policy and strategy plan as well as annual budget proposal to the MEF</li> <li>• Awareness in vulnerable areas</li> <li>• Develop guideline on mainstreaming climate change into rural road construction, and vulnerable mapping on climate change</li> <li>• Capacity building for village development committee</li> </ul>
Ministry of Public Works and Transport	<ul style="list-style-type: none"> <li>• Climate resilient infrastructure (national road, bridge)</li> <li>• Mainstreaming climate change into the MRD policy and strategy plan as well as annual budget proposal to the MEF</li> <li>• Promote low-carbon consumption for GHG reduction</li> </ul>
Ministry of Mines and Energy	<ul style="list-style-type: none"> <li>• Energy Data management, MRV and mitigation</li> </ul>
Ministry of Industry Science, Technology and Innovation	<ul style="list-style-type: none"> <li>• Industry data management and mitigation</li> <li>• Promote green industry for climate resilience and low carbon technology</li> </ul>
Ministry of Agriculture, Forestry and Fisheries	<ul style="list-style-type: none"> <li>• Climate resilience in the agriculture, production forest and fisheries sectors</li> <li>• Reducing GHG emissions from agricultural practices</li> <li>• Development of new technology of rubber seed, crop production, animal production, forestry and fishery with tolerance to weather, disease and insect</li> <li>• Contribution to REDD+ programme</li> </ul>
Council for Rehabilitation and Development Board/	<ul style="list-style-type: none"> <li>• ODA database management</li> <li>• Tracking climate change financing flow in ODA database</li> <li>• Building capacity to DPs and CRDB staff on climate change financing and ODA data entry</li> </ul>

	Council for the Development of Cambodia	<ul style="list-style-type: none"> <li>• Prepare report on aid effectiveness which include climate change finance</li> </ul>
	Ministry of Tourism	<ul style="list-style-type: none"> <li>• Low carbon and climate resilience for culture heritage and ecosystem</li> <li>• Capacity building to community based eco-tourism on climate change adaptation and mitigation</li> <li>• Promote green hotel standard</li> </ul>
	Ministry of Women's Affairs	<ul style="list-style-type: none"> <li>• Vulnerabilities of women and vulnerable group in policy discussion, leadership, livelihood</li> <li>• Community resilience</li> <li>• Mainstream climate change into policy, master plan and strategic of the MOWA</li> <li>• Promote gender and climate change</li> </ul>
	Ministry of Land Management, Urban Planning and Construction	<ul style="list-style-type: none"> <li>• Resilience city development planning</li> <li>• Land use planning to prioritize adaptation</li> <li>• Resilience housing construction, and building code</li> <li>• Low carbon planning and technologies</li> </ul>
Academia	Royal University of Phnom Penh	<ul style="list-style-type: none"> <li>• Climate change research for development</li> <li>• Capacity development for university student</li> <li>• Integrate climate change into university program and curriculum</li> <li>• Support student thesis research related to climate change</li> </ul>
	Royal University of Agriculture	
	Institution of Technology of Cambodia	
	Mean Chey University	
	Paññāsāstra University of Cambodia	
Development Partner	GIZ, UNDP, FAO, UNIDO, NGO Forum, Plan International, Civil society, Private sector, etc.	<ul style="list-style-type: none"> <li>• Partnership in climate change response in Cambodia through funding and technical support to gov't, join activities</li> <li>• Socio-Political motivation, Networking, Advocacy, Lobbying, Accountability, capacity building, awareness raising</li> </ul>
	ABC, ADB, MS	<ul style="list-style-type: none"> <li>• Competitive financial products and services, Micro credits/bank loans</li> </ul>

Table 2: Stakeholder Engagement Priorities in the GCF process		
Key stakeholders	Roles and Responsibility	Priority Engagement Sectors
<b>GOVERNMENT</b>		
NDA working with all ministries, provincial departments, and local government, targeting the GCF result areas and investment priorities	<ul style="list-style-type: none"> <li>Lead and manage GCF investment process in Cambodia relevant to GCF eight results areas and five cross cutting investment priorities.</li> <li>Engage in national GCF policy process, technical guidance and decision making in the GSSD, the GCF Advisory Task Force and existing climate change institutional structure.</li> <li>Develop a national climate change priority action plan for Cambodia aligning with the GCF eight result areas and five investment priorities (cross cutting) for funding.</li> <li>Monitor national efforts on 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/co-finance with other sources of funding.</li> <li>Oversee implementation of projects and programmes funded by the GCF in their respective sector to ensure paradigm shift in climate action are happening using the GCF resources.</li> <li>Ensure full integration of climate concerns in respective federal, provincial and local level development plan, policy and strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Government agencies relevant to eight result areas regularly need to engage in the issue at that national and appropriate level i.e. <ul style="list-style-type: none"> <li>i. Energy generation and access;</li> <li>ii. Transport;</li> <li>iii. Building, cities, industries and appliances;</li> <li>iv. Land use deforestation, and forest degradation;</li> <li>v. Enhanced livelihoods for vulnerable people and communities;</li> <li>vi. Food, water security and health;</li> <li>vii. Infrastructure; and</li> <li>viii. Ecosystems and ecosystem services</li> </ul> </li> <li>Regular engagement of the RGC stakeholders in the GCF process and the GCF funded projects/programmes</li> </ul>
<b>PRIVATE SECTOR &amp; FINANCIAL INSTITUTIONS</b>		
Financial Institutions e.g. Commercial and Development Banks, Trade Association of Private Sector, Private Entrepreneurs, Insurance Company, Micro, Small and Medium Enterprises	<ul style="list-style-type: none"> <li>Active in the national process to leverage the GCF resources for clean energy, energy efficiency, climate resilience and sustainability communities' projects.</li> <li>Scope nationally relevant and innovative mechanism to use the GCF flexible financial instruments (including debt, equity and guarantees).</li> <li>Scope use of the 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 RGC stakeholders to demonstrate their potential in GCF process and GCF funded projects/programmes.</li> <li>Should not limit to focus or center with their own area expertise.</li> </ul>

	<ul style="list-style-type: none"> <li>• Support in capacity building of different private sector groups and local institutions.</li> <li>• Advise private sector opportunities and challenges in engaging with the GCF for appropriate policy and decision making process through the GCF Advisory Task Force and existing climate change institutional structure.</li> <li>• Mainstreaming of climate change issues into local level planning process.</li> </ul>	
<b>CIVIL SOCIETY ORGANIZATIONS (CSO)</b>		
National/Local NGOs  International NGOs  NGO Climate Change Network in Cambodia	<ul style="list-style-type: none"> <li>• Active participation towards ensuring low carbon and climate resilient societies.</li> <li>• Support in the GCF engagement process by raising the civil society voices in the country strategic framework and climate change national priorities for ensuring that the needs of the recipients are met.</li> <li>• Advocate for mainstreaming gender and social inclusion in climate finance process</li> <li>• Demand for mutual accountability of project.</li> </ul>	<ul style="list-style-type: none"> <li>• Civil Society Organizations engage regularly to raise their voice with the RGC stakeholders in the GCF process and the GCF funded projects/programmes.</li> </ul>
Civil Society Organisation	<ul style="list-style-type: none"> <li>• Provide substantial inputs on performance standards based on environment and social safeguards framework and developing gender action plan of the project.</li> <li>• Support and ensure sustainability of the GCF funded projects/programmes as part of the actors of exit strategy.</li> <li>• Advocate civil society perspectives during the GCF policy process through the GSSD and the GCF ATF and existing institutional structure.</li> <li>• To share good practices, learning and challenges in national and international forum.</li> <li>• Take part in regular country meeting or national planning/dialogue exercise.</li> <li>• Drive CSOs to engage in innovative design and implementation of the GCF eight result areas and investment priorities projects; <ol style="list-style-type: none"> <li>1. <i>Capacity building and awareness raising of poor and vulnerable communities and CBOs on climate change and the GCF issues</i></li> <li>2. <i>Promotion of low carbon technology and climate resilient livelihoods to society</i></li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Advocate nationally relevant low carbon climate resilient strategic options and lesson learnt to the RGC targeting the GCF eight result areas and five investment priorities.</li> <li>• Sharing of learning and good practices at different forums.</li> </ul>



	<p>3. <i>Build communities capacity to manage Climate hazards and disasters risk</i></p> <p>4. <i>Pilot/demonstrate social protection scheme/measures in the context of climate change.</i></p>	
<b>ACADEMIC INSTITUTIONS</b>		
<ul style="list-style-type: none"> <li>National Universities,</li> <li>Research Centre/ institutions</li> <li>Knowledge Centre</li> </ul>	<ul style="list-style-type: none"> <li>Take part in regular country meeting or national planning/dialogue exercise.</li> <li>Drive academicians to invest their priorities to generate information on GCF eight result areas and investment priorities. Potential projects/programmes to engage and involve: <ul style="list-style-type: none"> <li><i>Research on climate change mitigation and adaptation</i></li> <li><i>Climate Change Knowledge management - documentation and dissemination</i></li> <li><i>Think tank - feedback to policy and practice</i></li> <li><i>Development and integrate low carbon and climate resilient development in the higher education curriculum</i></li> <li><i>Promote innovation to combat climate change at national level and knowledge to adopt appropriate low carbon climate resilient development pathway in the GCF result areas and investment priorities.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Academic institutions regularly engage with the RGC stakeholders in the GCF process and the GCF funded projects/programmes by elucidating science based evidences in eight result areas and investment priorities.</li> </ul>
<b>PUBLIC ENTERPRISES</b>		
<p>Semi Autonomous, Public Enterprise and others</p> <p>State-owned enterprises:</p> <ol style="list-style-type: none"> <li>Telecom Cambodia</li> <li>Phnom Penh Autonomous Port</li> <li>Phnom Penh Water Supply Authority</li> <li>Sihanoukville Autonomous Port</li> <li>Electricite Du Cambodge (EDC)</li> <li>Cambodia Post, etc.</li> </ol>	<ul style="list-style-type: none"> <li>Potential DAEs.</li> <li>Advance the objectives of the GCF.</li> <li>Drive and mobilize government, civil society and private sectors to develop potential funding proposal projects to engage with the GCF in eight result areas and investment priorities.</li> <li>Oversee management and implementation of the projects and programme.</li> <li>Ensure environment and social safeguard.</li> </ul>	<ul style="list-style-type: none"> <li>Potential DAEs should drive national agenda on low carbon and climate resilient development and engage regularly with all concerned stakeholder in the GCF process and the GCF funded projects/programmes.</li> <li>Engage with the NDA.</li> </ul>

Though the effectiveness varies, some mechanisms and structures are already in place for climate change deliberation in Cambodia. Rather creating new structure for the GCF, the feasibility to use existing mechanisms to access and utilize the GCF resources is elaborated in Chapter 5 whilst the roles and responsibilities of the NDA to engage with the GCF and key stakeholders are presented in Chapter 6.

#### 4.4 Initial prioritization of adaptation and mitigation measures for the Cambodian GCF Country Programme

The stakeholder engagement framework will provide some guidance for the development of Cambodia’s GCF Country Programme and the development process and the GCF guidance are presented in Figure 7 and in Box 1. National climate change strategies, plans and priorities will be the strategic framework provided in Cambodia’s Country Programme, and would, therefore, be a basis for the preparation and implementation of funding proposals. Cambodia will define her strategic framework on the basis of existing national climate change plans and strategies, including nationally determined contributions (NDC), nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs), and national adaptation programme of actions (NAPAs), or choose to develop a Fund-specific strategic framework drawing on existing relevant national plans and strategies.

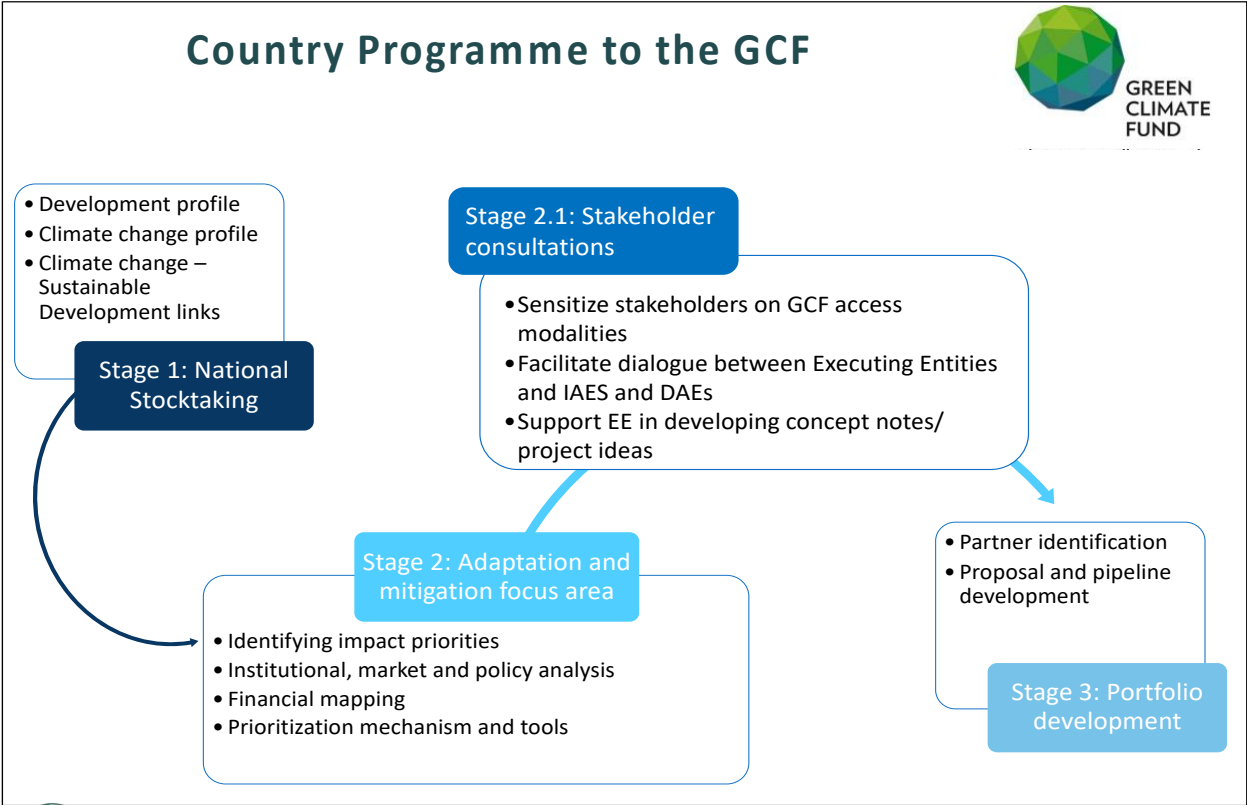


Figure 7: GCF Country Programme development process

The SNC has been used over the last three years to help guide a range of initiatives to include CC in government planning. The National Adaptation Programme of Actions (NAPAs) was produced in 2006 and contained a list of 39 actions in agriculture and water resources (20 actions), coastal areas (8), health (6) and cross-sectoral actions (5). The NAPAs selected 20 of these actions as high priority. The NSDP (2009-2013) identified 10 CC priorities. Many line ministries have now integrated CC into the preparation of plans, budgets, annual work programmes and projects. Nine line ministries have prepared CC Strategic Plans (CCSPs) and these have been compiled into

a Cambodia CC Strategy Plan (CCCSP). The CCCSP defines the following eight objectives, supported by 61 strategies:

- promoting climate resilience through improved food, water and energy security;
- reducing sectoral, regional, gender and health vulnerability to CC impacts;
- ensuring climate resilience of critical ecosystems, biodiversity, protected areas and cultural heritage;
- promoting low-carbon planning and technologies to support sustainable development improve capacities, knowledge and awareness for CC response;
- promoting adaptive social protection and participatory approaches in reducing loss and damage;
- strengthening institutions and coordination frameworks for national CC responses; and
- strengthening collaboration and active participation in regional and global CC processes.

**Box 1: Initial best-practice options for country coordination and multi-stakeholder engagement**

Source: [https://www.greenclimate.fund/documents/20182/194568/GCF\\_ELEMENTS\\_01.pdf/542c1610-81b4-40df-be62-025cef3d26d8](https://www.greenclimate.fund/documents/20182/194568/GCF_ELEMENTS_01.pdf/542c1610-81b4-40df-be62-025cef3d26d8)

- The Fund will have a broad scope, funding both mitigation and adaptation activities through multiple access modalities, including through the private sector and other innovative financial instruments. Consequently, on an operational level, it will involve various sectors at multiple levels of governance.
- It is recommended that countries consider the following criteria for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals, as appropriate. Lessons learned from other countries should also be taken into account.

**Country strategic framework**

- National climate change strategies, plans and priorities will be the strategic framework provided in a country's country programme, and would, therefore, be a basis for the preparation and implementation of funding proposals. Recipient countries may, therefore, define their strategic framework on the basis of existing national climate change plans and strategies, including nationally determined contributions (NDCs), nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) and national adaptation programme of actions (NAPAs), or choose to develop a Fund-specific strategic framework drawing on existing relevant national plans and strategies. The Fund may provide assistance for the identification of these national strategic frameworks in the context of the Fund's work programme on readiness and preparatory support.
- In order to ensure systematization of country coordination and multi-stakeholder engagement, countries could be encouraged to design a consultative process through which national climate change priorities and strategies can be defined.
- A consultative process should aim to be an ongoing process rather than a discrete activity only occurring once without the possibility of follow up, continuous update and regular assessment of progress.
- These consultative processes should be inclusive and seek to engage all relevant actors within the government, the private sector, academia, civil society and other relevant stakeholder groups or sectors.
- Criteria and options for country coordination through consultative processes may include:
  - i. Use of existing regular country meetings or national planning/dialogue exercises, including in the context of other sources of funding for climate change activities, the sharing of lessons learned and collection of inputs and views;
  - ii. Establishment, when possible and national circumstances allow, of a dedicated country coordination mechanism for the country's identification of its strategic framework in the context of the Fund;
  - iii. Integration into other relevant national consultations processes or programming exercises that may enable synergies and the exchange of complementary information; and
  - iv. Building on the country's prior experience in coordinating cross-sectoral initiatives and investments and engaging with other sources of finance.

**Mitigation priorities:** The NCSD will be expected to coordinate mitigation actions across different sectors and stakeholders. As indicated below, there is strong progress in terms of mitigation action implementation, but there is the need to streamline and integrate them. Key activities identified include: assessment of the current actions, identification of new actions, barriers and needs assessment, policy appraisal, and summary and integration.

A summary of the mitigation actions proposed in the NDC, along with the CDM and JCM projects that could scaled up as the GCF pipeline to be included in the GCF CP are presented in Annex 2. Examples of potential GCF proposals are shown below:

A. In the Waste sector:

- Waste Management Strategy and Action Plan of Phnom Penh 2018-2035 (2018). The actions that contribute to climate change mitigation are:
  - Promoting 3Rs;
  - Diverting organic waste from landfill and controlling GHG/SLCP emission at landfill;
  - Combating waste dumping and burning; and
  - Promoting sustainable waste management.

B. In the Agriculture sector:

- Green Climate Fund (GCF) and ADB: Climate-Friendly Agribusiness Value Chains Sector Project 2019-2027 (2018). This has been approved by the GCF for a grant of USD 30 M and a concessional loan of USD 10 M to complement ADB loan;
- UNIDO/GEF: Reduction of GHG Emissions through Promotion of Commercial Biogas Plants in Cambodia (completed in 2017); and
- GEF/IFAD: Building Adaptive Capacity through the Scaling-up of Renewable Energy Technologies in Rural Cambodia (2016-20).

**Adaptation priorities:** In order to avoid duplication of efforts, it is advisable to link the implementation of the Adaptation section of the NDC with the NAP process. Ricardo/GIZ's "The Role of the NAP Process in Translating NDC Adaptation Goals into Action: Linking NAP processes and NDCs"<sup>5</sup> provides guidance on how to integrate the twos and is applicable to the Cambodia context (a country that has an adaptation component in place, and is progressing on NAP process).

- The NAP process can implement NDC adaptation goals ('the what') through cross-sectoral coordination of adaptation activities ('the how');
- The NAP process can be used to update NDC adaptation goals;
- Co-benefits between mitigation and adaptation actions can be identified and considered by the NAP process and included in NDC updates; and
- Synergies possible in relation to governance and coordination, finance, and transparency by implementing and developing NDC adaptation goals through the NAP process.

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<sup>5</sup> Available here: <http://www.adaptationcommunity.net/wp-content/uploads/2017/10/The-Role-of-the-NAP-Process-in-Translating-NDC-Adaptation-Goals-into-Action.-Linking-NAP-processes-and-NDCs.pdf>

**Summary:**

- The framework to engage with public, private and CSO stakeholders as an open, fair, transparent and inclusive processes to access and utilize CF to scale up climate solutions in Cambodia are elaborated in this chapter.
- The potential adaptation and mitigation measures based on the NDC roadmap, CDM and JI projects that could be scaled up as the GCF proposals to be included in the Cambodia GCF Country Programme are presented.

## Chapter 5: National institutional and financial framework to access and utilize climate finance

This chapter analyses the current institutional and financial framework to access and utilize CF to scale up climate solutions in Cambodia. The criteria to design the mainstreaming of climate change into national and sector policies to be supported by an efficient and effective decision making mechanism to access and utilize climate finance will be based on the following questions: what government policy is in place to encourage national entities to access and utilize climate finance; what mandate has been given to the national governing body; what are the coordination and communication strategies; what capacities are needed; what will be the management, oversight and governance structures; and what are the monitoring and evaluation strategies.

Recommendations are made on how to design the most efficient and effective frameworks and mechanisms to access and utilize climate finance by:

- Reviewing the existing climate change institutional framework and the stakeholders' roles and responsibilities and modify where applicable for the operationalization of the NDA (MOE) and the DCC as NDA Contact Point to comply with the GCF requirements;
- Reviewing and modifying where applicable the draft roles and responsibilities for the NDA and the DCC to ensure efficient and effective engagement of the NDA with the GCF and key stakeholders;
- Reviewing the type of support that the NDA and the DCC will need in the appraisal of concept note and funding proposals and DAE nomination; and
- Reviewing the lessons learned in appraising CDM projects.

### 5.1 Existing decision-making mechanisms

#### A. Institutional framework on Climate Change

**The NCSD Structure:** In 2006, the RGC established the NCCC, a cross-sectoral and multi-disciplinary body with the mandate to prepare, coordinate and monitor the implementation of policies, strategies, legal instruments, plans and programmes related to climate change. With an amendment in 2014, the NCCC has functioned since its establishment as the inter-ministerial mechanism for coordination of climate change response in the country.

Its functions have recently been taken over by the National Council for Sustainable Development (NCSD) since its establishment in May 2015. The Council comprises high-level representatives (Secretaries and Under-Secretaries of State) of concerned government ministries and agencies, with the Prime Minister as its Honorary Chair and the Minister of Environment as its Chair. Council membership has increased compared to the NCCC, covering a greater number of ministries and agencies, including provincial governors (Figure 7).

Currently, the NCSD has made efforts to improve the coordination of climate change activities in Cambodia and to promote a stronger, comprehensive and effective climate change response, including the preparation of the Cambodian Climate Change Strategic Plan 2014-2023, the Sectoral Climate Change Action Plans and the Climate Change Financing Framework.

The MOE plays a leading role in Cambodia's response to climate change:

- Within the MOE, the Climate Change Department (CCD) was established in 2009<sup>6</sup>. It is responsible for a wide range of activities related to climate change and serves as Cambodia's focal point for the UNFCCC, the Intergovernmental Panel on Climate Change

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<sup>6</sup> It replaced the Cambodia Climate Change Office (CCCO), which was established in 2003.

(IPCC), and the Kyoto Protocol. It also coordinates working groups on climate related sectors or issues, such as energy, forestry, GHG inventories, vulnerability and adaptation, etc.

- In July 2002, the MOE was appointed as the Designated National Authority (DNA) for the Clean Development Mechanism (CDM). The CCD acts as a secretariat of the DNA.
- The Climate Change Technical Working Group (CCTWG), established in May 2011, acts as a technical advisory body to the NCSD. For instance, it provided support to the line ministries for the development of sectoral CCAPs.

A summary of the **key institutions** is provided in Table 3 along with their specific roles and responsibilities associated with the Climate Change agenda.

Table 3: Summary of roles and responsibilities of key institutions	
Institution	Roles and Responsibilities
<b>MOE (GSSD)</b>	<ul style="list-style-type: none"> <li>• Lead the process of preparing the national climate change policies, strategies and plans</li> <li>• The DCC appointed as Acting National Focal Point for the GCF, while the Minister of Environment is the NDA</li> <li>• Appointed as National Focal Point for the UNFCCC, the IPCC and the CTCN.</li> <li>• Coordinate climate change policy with Government ministries and stakeholders</li> <li>• Lead the process of preparing National Communication Reports, GHG inventories, Biennial Update Report, National Adaptation Plans and Nationally Determined Contribution reports</li> </ul>
<b>Ministry of Economy and Finance</b>	<ul style="list-style-type: none"> <li>• Ensure flows of financial resource to climate change projects</li> <li>• Track donor financial support and help in fund raising</li> <li>• Fund support for certain institutions</li> </ul>
<b>Individual Ministries</b>	<ul style="list-style-type: none"> <li>• Assist in sector climate change policies and ensure that climate change is mainstreamed in their sectors</li> <li>• Collect data required for the development of the greenhouse gas inventory in their sectors</li> <li>• Prepare project concepts and implement adaptation / mitigation projects</li> <li>• Monitoring and reporting</li> <li>• Cooperation with other ministries</li> <li>• Provide support to their representatives in the NCSD</li> <li>• Coordinate with the MOE</li> <li>• Serve as Executing entities and work with the NDA and the IAE/DAE to access and utilize the GCF resources</li> </ul>

The NCSD has a General Secretariat (GSSD) as its office at the Ministry of Environment. The GSSD have functions and duties as follows:

- Coordinate and perform day-to-day work in accordance with instructions and decisions of the NCSD;
- Develop the NCSD's programmes and work plans to submit to the NCSD for review and approval;
- Lead and coordinate implementation of the programmes and work plans approved by the NCSD;
- Facilitate preparation of legal instruments, policy, strategic plans, action plans, programmes and projects related to sustainable development;

- Coordinate and support the implementation of legal instruments, policy, strategic plans, action plans, programmes and projects related to sustainable development and conduct review, monitoring and evaluation (M&E) and reporting regularly;
- Mobilise and manage resources for implementation of the legal instruments, policy, strategic plans, action plans, programmes and projects related to sustainable development;
- Propose establishment of mechanisms required for sectoral issues related to the NCSD's roles and duties and provide support to relevant activities and regular operations of the mechanisms;
- Coordinate and support the strengthening of cooperation related to sustainable development with development partners, civil society, private sector, academia, and relevant stakeholders at national, regional and global levels;
- Lead and coordinate research and study, education, training and exchange of technologies related to sustainable development;
- Manage data and disseminate information related to sustainable development and the NCSD's activities to the public;
- Review and study the possibility to participate in international agreements related to sustainable development for the NCSD;
- Develop draft position papers and strategy for participation in international negotiations relevant to sustainable development;
- Facilitate preparation of national report in accordance with international agreements relevant to sustainable development to which Cambodia is a party;
- Participate in national, regional and international meetings on issues related to sustainable development;
- Manage the NCSD's finance and budget;
- Organise meetings, take minutes, and produce report of the NCSD;
- Develop monthly, quarterly, semi-annual, nine-monthly, and annual report for the NCSD; and
- Perform any other duties as assigned by the NCSD and chairperson of the NCSD's Executive Committee.

## **B. Lessons learned in the institutional decision-making mechanism to appraise concept note and funding proposal:**

### **i. CDM concept note (CN) and funding proposal (FP):**

- Delay in the issuance of the approval letter from the DNA
- Ability to make quick and informed decision

### **ii. GCF concept note (CN) and funding proposal (FP):**

- Delay in the issuance of the no-objection letter
- No participation from the private, academia and CSO stakeholders in the appraisal

### **iii. CCCA concept note (CN) and funding proposal (FP):**

- Generate active participation of the appraisal team
- Ability to make quick and well-informed decision

**Current procedure to appraise the GCF concept note (CN) and funding proposal (FP):** The current procedure to appraise and approve the GCF CN and FP is presented in Figure 8. Bilateral meetings with the public, private, CSO and international development partners as the IAE were held to understand and assess the strengths and weaknesses of the current procedure and if there is a need to improve upon the existing procedure based on the GCF operational modalities,



guidance and requirements. What further support does the NDA FP needs in the appraisal of the CN/FP and entity as then DAE?

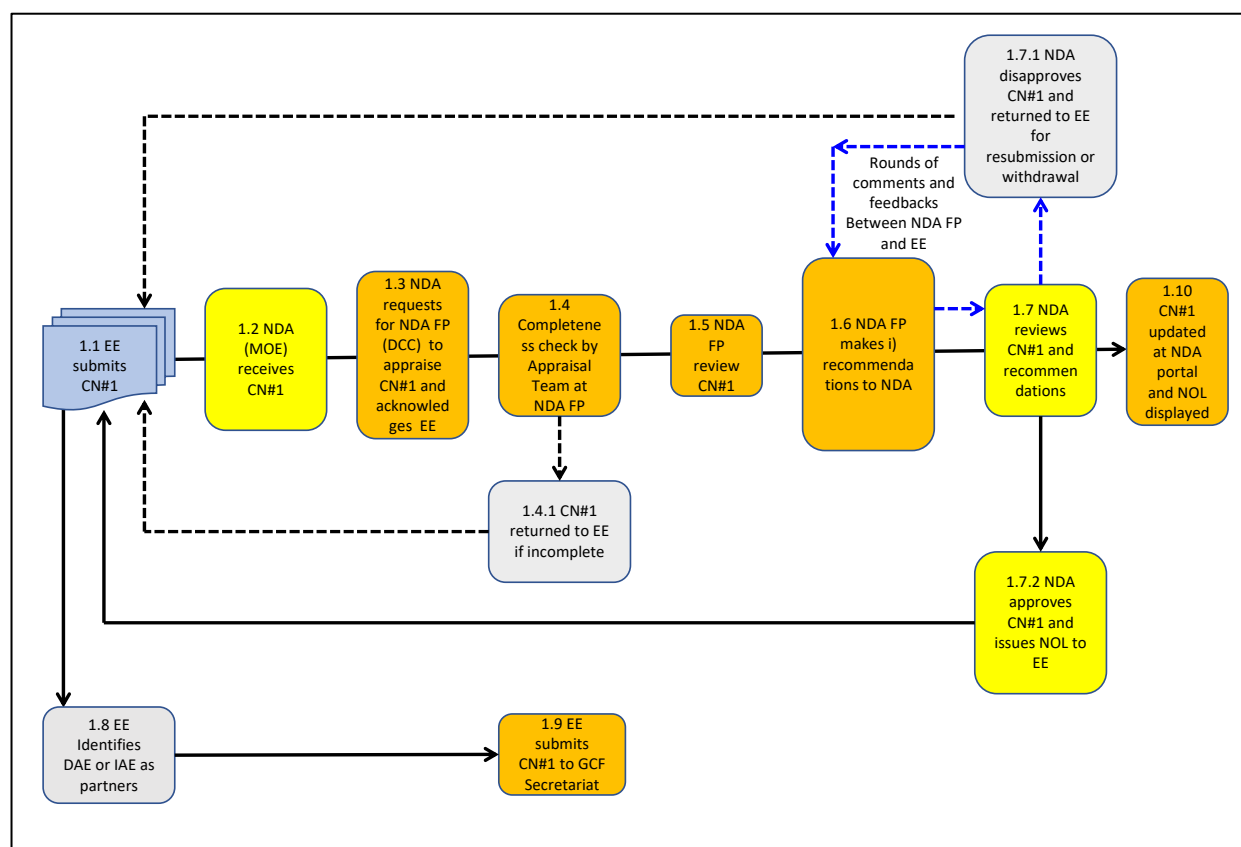


Figure 8: Current procedures to appraise and approve the GCF Concept Note and Funding Proposal.

## B. Multi-layered institutional framework at the national, sub-national and local levels

The institutional arrangement, functions and capacity requirements for the various value chain actors for accessing and utilizing climate finance using the GCF as an example are:

- **National governing bodies:** Represented by the MOE as the NDA of the GCF with the DCC under the GSSD serving as the Focal Point in charge of facilitating and coordinating climate finance related work.
- **Implementing body:** Represented by International Accredited Entities (IAE) such as UNDP, FAO, AFD, IFAD and NCDD as the Direct Accredited Entity (DAE). The definitions of the terms are presented under the Glossary of Terms.
- **Executing entity (EE):** Represented by public, private and CSO partners that have the track record to design, implement, manage, monitor, evaluate, and deliver on the outcomes and outputs of the project/programme to be funded by the GCF.

The entry points for the NDA, International Accredited Entities (IAEs), Direct Access Entities (DAEs) and Executive Entities (EEs) to access and utilize the GCF resource under the multi-layered governance structure are presented in Figure 9. ***This means that the existing multi-layered institutional framework has provided a best fit and an excellent governance structure for the value chain actors to fulfil their roles and responsibilities in decision making to access and utilize climate finance.*** So far there is no formal organizational structure of the GSSD at the provincial or district level. A mechanism for integrating the NCSD's roles into the existing sub-national entity has been proposed and discussed, but so far nothing has been approved yet. The results of the discussion indicated that relevant

stakeholders wish to have the NCSD roles embedded in the existing operational structure of the sub-national government, rather than to establish an alternate institutional arrangement.

Many works have been successfully completed on integrating climate change into the national strategic development plan as well as sub-national development planning (down to commune level). CC has been integrated into line ministries plans. Those line ministries even have their own climate change action plans. This meant that value chain actors at the commune and district level could be mobilized efficiently as EEs to implement the GCF approved project/programme.

As the GSSD aspires to become a DAE, the proposed National Climate Funding Facility (NCFF) could be embedded within the GSSD (see Chapter 7) to fund future adaptation and mitigation as blended and sequenced climate funding (Figure 10).

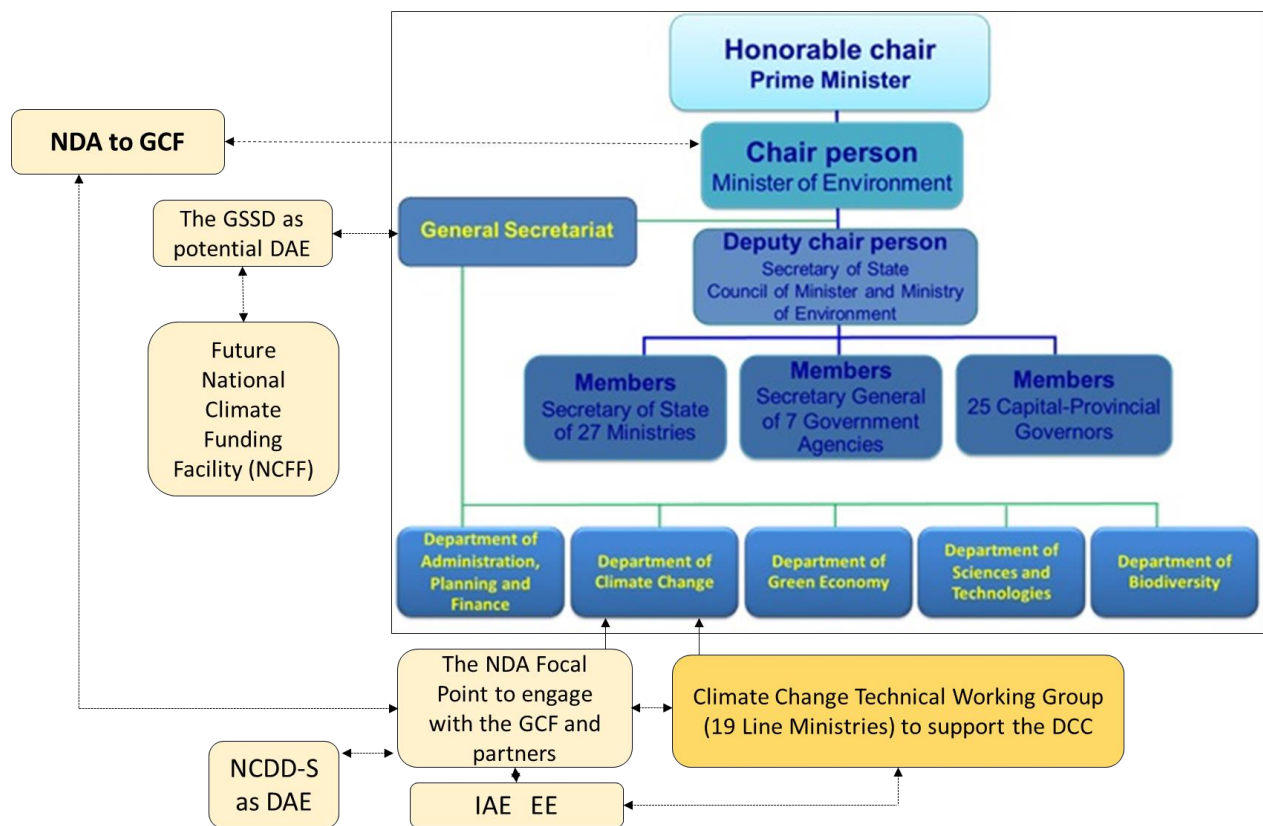


Figure 9: Entry points for the NDA and NDA FP to engage with the GCF and key stakeholders (CCTWG, DAE, IAE, and EE)

## 5.2 Decision-making mechanisms to access and utilize the GCF resources

### A. Institutional decision-making mechanism in the No-objection procedure and DAE nomination procedure:

- Based on the bilateral meetings and consultation workshop held in April 2019 and validation held on the 25 June 2019 in Cambodia, it was agreed that a GCF Appraisal Panel will (GCFAP) be set up to support the NDA in the appraisal of CN/FP and prospective DAE nomination. The membership will be made up of sector experts to be selected and vetted by the NDA from the public, private, academia and CSO partners as shown in Table 4.
- The GCFAP will review and appraise concept notes and make recommendations to the NDA via the DCC as part of the No-Objection procedures using the CN appraisal template in Section 10.4.

- The NDA will review the concept note and the GCFAP's recommendations and make final decision.
- The NDA will appraise and approve prospective public, private and CSO entities as accredited entity through the nomination procedures and fit for purpose accreditation approach in Section 7.2.
- The GCFAP members will be trained on how to evaluate concept notes and funding proposals based on the CN appraisal template in Section 10.4 and Cambodia concept note appraisal template in Section 9.2.

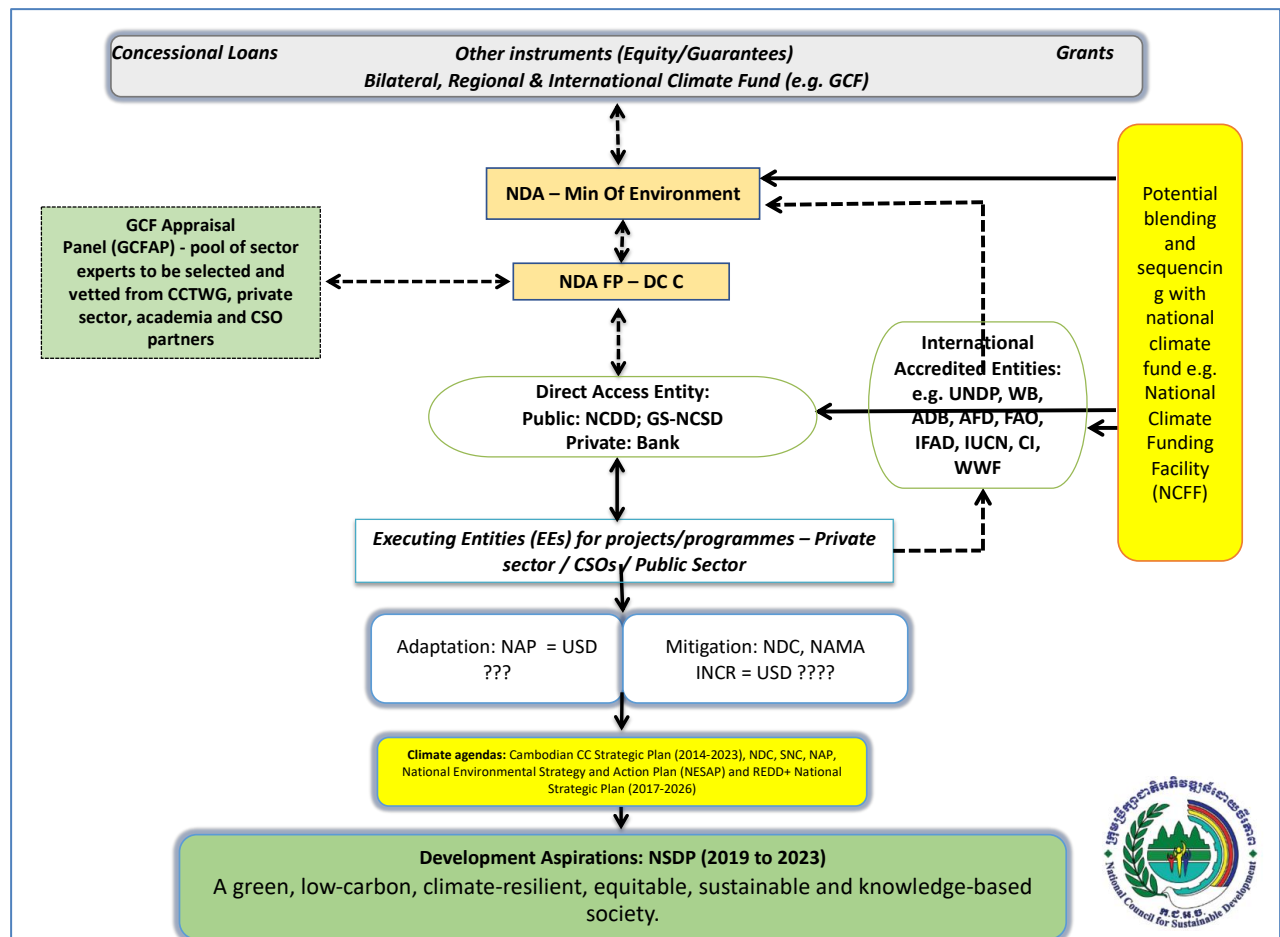


Figure 10: Institutional and financial framework to access and utilize bilateral and international climate finances (e.g. the GCF) to scale up climate solutions in Cambodia for achieving development and climate goals.

### 5.3 Membership and TORs for the GCFAP

#### The GCF Appraisal Panel to support the NDA:

In order for the GCFAP members to support the NDA efficiently and effectively through the DCC, it should:

- Be endorsed by the NDA to function effectively.
- Have the right to call upon experts to provide evidence and opinion, though they do not have the voting rights.

**Structure:** The GCFAP should be inclusive and represent a lean and diverse membership coming from the public, private and CSO sectors:

- The GCFAP will be chaired by the SG of the GSSD;
- Membership of the GCFAP should include relevant ministries and agencies at a middle to higher-ranking level (Chief of Office and above);

- The GCFAP needs easy access to the GSSD and should have direct access to the head of their relevant Authorities;
- Members who serve on this GCFAP should have relevant knowledge and sector expertise related to environment and climate change issues;
- The GCFAP should also have access to external experts on climate change in the local community (such as researchers, professors, advocates, etc.) and should be able to call on them to serve in an advisory capacity when/if needed.

**Mode of work:** the GCFAP will interact with the NDA through the DCC providing recommendations on concept note and funding proposals that are well aligned with the national development and climate aspirations of Cambodia. The GCFAP should submit its recommendations to the DCC in order to take the appropriate action. The GCFAP members will be guided by the Operational Manual and ethical codes of the NDA.

**Roles and responsibilities:** The main role of the GCFAP members is to support the NDA in the appraisal of concept note and funding proposal and made recommendation to the NDA based on the **Cambodia Concept note appraisal template (See Section 8.4)**.

**Legal Mandate:** The membership and TORs of the GCFAP will be established by the recommendation and endorsement of the GSSD who has the mandate to set up committee under the Cabinet decree.

**The GCFAP Composition:** The Task force is made of a lean team (less than 12) of sector experts that have been approved by the NDA (Table 4):

<b>Table 4: Membership of the GCFAP based on sector experts to be selected and vetted according to GCF 8 thematic areas</b>								
	<b>Adaptation Sector Expert</b>				<b>Mitigation Sector Expert</b>			
GCF Advisory Panel	1. Livelihoods of people and communities	2. Health, food and water security	3. Infrastructure and built environment	4. Ecosystems and ecosystem services	5. Energy generation and access	6. Transport	7. Building cities, industries and appliances	8. Forest and Land use
A. Public sector	NCSD (Chair) MOE MEF MOP MAFF MoWA MRD NCDD MOE (GD Local Community)	NCSD(Chair) MOE MEF MOP MoWA MOH NCDD MAFF MOWRAM	NCSD (Chair) MOE MEF MOP MPWT MRD MoWA NCDD MOE (GDANCP) CDC	NCSD (Chair) MOE MEF MOP MAFF MoWA NCDD MOE (GDANCP)	NCSD (Chair) MOE MEF MOP MME MoWA CDC	NCSD (Chair) MOE MEF MOP MPWT MoWA CDC	NCSD (Chair) MOE MEF MOP MME MIH MPWT MoWA NCDD MLMUPC	NCSD (Chair) MOE MEF MOP MAFF MoWA NCDD MOE (GDANCP)
B. Private sector	C Chamber of Commerce (CCC) ABC	CCC ABC	CCC ABC	CCC ABC	CCC EDC ABC	CCC ABC	CCC EDC ABC	CCC ABC
C. Academia	RUPP RUA	RUPP RUA	RUPP Institute of Technology of Cambodia (ITC)	RUPP	RUPP ITC	RUPP	RUPP	RUPP RUA
D. CSO/IP	Selected CSP/IP sector experts to be invited on an ad-hoc basis							

Subject to legal or ethical constraints, individuals will serve on the GCFAP to represent their institutions or organization. Serving on the GCFAP, however, to be recognized and may be in the future be rewarded upon availability of resources and the legal instrument in that regard, this could happen in the future through financial and nonfinancial incentives e.g. under the proposed National Environment Climate Change Fund<sup>7</sup>. If the GCFAP has fewer than the required number of the GCFAP members, the GCFAP will recruit appropriate replacements in a timely way with a recommendation from the GSSD.

**The GCFAP membership selection and terms:** Each institution will nominate and select its own GCFAP members. When nominating and selecting the GCFAP members, each constituency will nominate and approve the GCFAP members with the aim of creating a balanced and inclusive GCFAP with a diversity of experience, insights, gender and backgrounds.

**Alternate GCFAP Members:** Each GCFAP member may designate an alternate member from within its organization or constituency. The alternate member may be permitted to participate in the GCFAP meetings (in case voting is needed, may only vote when a member of his or her constituency group is absent or unable to vote due to a conflict of interest. Under no circumstances will a GCFAP member and an alternate from within the same participating organization cast ballots on the same vote). Each constituency will determine the method of selection for alternate GCFAP members. Alternate GCFAP members are encouraged to attend and participate in the NDA meetings whenever possible.

**The GCFAP Terms:** the GCFAP member terms shall be up to 3 years in length, and terms will be renewable for one term only. Any additional terms should be contingent upon the approval of the NCSD. A GCFAP member who has served two full consecutive terms is eligible to serve on the GCFAP again after a gap of one year. Members may also serve terms of fewer than three years in the case of removal or resignation.

A CCTWG member who serve on the GCFAP as a representative of a ministry, NGO, or academic institution or private sector representative leaves the employment of that company or institution shall resign from the GCFAP at the latest by the effective date of his or her termination of employment. If member misses 3 consecutive meetings without an acceptable excuse, the chair of the GCFAP will raise this to the NDA and recommend the communication with the head of the constituency requesting a new nomination within two weeks. If a GCFAP member does not complete his or her term, the participating institution shall select a replacement.

**The GCFAP Chair:** The GCFAP chair is the SG of the GSSD. The chair shall have the right to vote. The chair will serve for as long as he / she is the SG of the GSSD.

**The GCFAP Participation:** Members of the GCFAP must be active participants in the GCFAP meetings, activities, events, and work streams, and must regularly promote the objectives and goals of the NDA and the GCF opportunities with non-participants.

**Competence:** Members of the GCFAP must adhere to high standards of professional competence and collaboration and demonstrate leadership in the pursuit of freedom of expression and privacy.

**Quorum:** Where physical meeting is required, majority of the GCFAP members shall constitute a quorum as long as at least 50% of the total number of attendant members plus one of the representatives, or their alternates (with a signed delegation letter from the GCFAP member)

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<sup>7</sup> Nickleson, K (2014). *Analysis and Recommendations for the Cambodia Climate Finance Framework*.

from each constituency, is present. Participation by tele-or videoconference shall constitute presence for purposes of a quorum.

**The GCFAP Meetings:** The GCFAP should meet at least twice a year<sup>8</sup>, with the understanding that the first meeting serving as the GCFAP annual meeting. The GCFAP Chair and/or Secretary may convene additional meetings as necessary with appropriate notice. The GCFAP may meet in a closed executive session when considering highly sensitive decisions such as dealing with conflict of interest.

**Conflicts of Interest:** The GCFAP members must exercise objectivity, independence, due care, and diligence on all matters and are required to commit to the GCFAP's conflict of interest policy and NDA's ethical code. If a subject is raised and any member has a conflict of interest, s/he should inform the GSSD and they may be asked not to participate in the voting or performing any tasks that may conflict with their status.

**Meeting Minutes:** The secretary of the GSS shall take minutes of each GCFAP meeting. The secretary shall distribute the minutes to the GCFAP members via email following a meeting.

**Meeting Summaries:** A summary of the GCFAP meetings and the annual meeting may be published on the DCC or the NDA website following adoption of the minutes for such meetings. These summaries will not include confidential conversations.

**Summary:**

- The decision-making mechanisms within the institutional and financial frameworks to access and utilize CF to scale up climate solutions in Cambodia are elaborated in this chapter.
- The membership and TORs of the GCF Appraisal Panel are also described.

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<sup>8</sup> It is possible to hold additional meetings as needed; the minimum is each 6 months.

## Chapter 6: National Designated Authority

This chapter explains who the NDA is and what are their roles and responsibilities to access and utilize CF using the GCF as an example and how to establish an efficient, functional, lean and future digitalized NDA secretariat.

The NDA plays an important role to ensure that the key stakeholders including public, private and civil society stakeholders are engaged in the GCF process on the basis of their roles and mandates. The NDA ensures regular country meetings or national planning/dialogue to disseminate and share information related the GCF process and its key requirement, challenges and operational procedures to the national actors and stakeholders. The NDA regularly provides an overview of all funding proposals relating to Cambodia and facilitate available information on the projects/programmes through appropriate media and relevant networks and in appropriate languages.

As per the GCF mandate, the NDA drives relevant coordination mechanisms and multi-stakeholder engagement processes, as needed and appropriate. In summary, the NDA performs the following functions to engage its stakeholders:

- i. Coordinate with government, private sector, civil societies, and academic institutions and stakeholder for engagement as per the framework;
- ii. Facilitate meaningful engagement with stakeholders in the GCF process to gather inputs, bring synergy and create ownership on the GCF engagement process of the country;
- iii. Coordinate with focal climate change ministry for climate change discourse in Cambodia through various multi-stakeholder platforms e.g. the GSSD and CCTWG;
- iv. Provide regular exchange of information and knowledge products on key updates related to accreditation and funding proposal development to wider stakeholder such as the DCC website;
- v. Inform key stakeholders about their expected involvement and role in the GCF process and update them on the GCF/climate finance on regular basis; and
- vi. Hold country meeting, national planning, multi stakeholder dialogue and workshops on the GCF.

### 6.1 Key roles and responsibilities of the MOE as NDA and the DCC as NDA FP

The key roles and responsibilities of the NDA according to the GCF Guideline (Decision B.04/05) are presented in Table 5. Key issues to be considered in assessing the gaps between existing and requisite skills, processes, procedures, structures and capacities of the NDA are also included in the Table 5.

Table 5: Roles and responsibilities of NDA based on the GCF guidelines.		
NDA responsibilities	Requisite skills	Key issues to consider: Processes, procedures, structures and capabilities (to be established if needed)
<b>1. NDA nomination for national entity's accreditation application for entities applying under</b>	- The MOE is the NDA to the GCF and serves as the Chair of the NCSD. The DCC is the focal point (contact point) to communicate with the GCF. The NDA/focal point should facilitate the communication to the GCF Secretariat of nominations of	<b>Processes and procedures</b> 1. Review a) the MOE mechanisms with regard to conformity of prospective entities with relevant national laws, regulations and standards, and b) the Fund's fiduciary principles, ESS and gender policy (Annex 5 and 6) according to the GCF accreditation procedures.

<b>the direct access track).</b>	entities applying for accreditation as Direct Accredited Entities.	
	- Capacity to appraise and approve prospective entities accreditation nominations for direct access in light of fiduciary principles and the GCF's ESS.	2. Communication channels between the MOE and the DCC with the GCF: - Where should the request for a nomination letter be sent (Chapter 7)? - Who will respond to and evaluate the request?
	- Communication channel with the GCF regarding the nomination of prospective entity accreditation application.	3. Communication processes between the MOE and the DCC with prospective accredited entities.
	- Under direct access, selection of a prospective accredited entity to be carried out through a competitive or consultative process by the NDA/focal point. Submission of accreditation proposal to be done in consultation with the NDA (5 March 2015, GCF/B.09/05).	<b>Capacities</b> 1. Assess knowledge of the MOE and the DCC with regard to the fiduciary principles, ESS and gender policy of the GCF. 2. Implications for human resources. 3. Full details of the fit-for purpose accreditation approach for the NDA in Cambodia is presented in Chapter 7 and Annex 2.
<b>2. Through the no objection procedure, recommend to the GCF Board funding proposals from national, subnational, regional and international accredited entities which are:</b> <b>i. In line with the financial and investment criteria of the GCF</b> <b>ii. In line with the Fund's ESS, gender policy and relevant national laws</b> <b>iii. Consistent with national climate change strategies and plans and gender plans, including through</b>	- Each country decides on its own nationally appropriate process for ascertaining no objection to funding proposals; this should be done according to country's capacities and existing processes and institutions.	<b>A. With regard to funding proposals and no-objection:</b> <b>Processes and procedures</b>
	- The NDA assesses the GCF funding proposals with regard to the technical, financial, strategic and political aspects of each. This includes proposals from the private sector.	1. Review existing national and internal MOE, financial and planning processes and procedures for funding proposal screening and appraisal (e.g. entire project cycle, such as call for proposals, procurement, M&E). What support does the DCC needs? (Chapter 5) 2. Review the NSDP to assess the annual development project and budget cycle, ODA, soft loan and Public Fund Management and Investment Law.
	- The NDA seeks clarification of any proposal which is ill-conceived, duplicative or of low priority.	(a) With regard to alignment of these processes with the GCF's requirements for AEs and other donor funding channels (Figure 7 for blending and sequencing of the GCF resources)
	- The NDA must have in place a decision-making process which is effective, fair and impartial, and which operates in a timely manner to allow quick access to funds.	(b) With regard to conformity of AEs with existing Cambodians' needs and requirements for grants vs. concessional loans.
	- The NDA must maintain a continuous overview of all funding proposals being developed so that it can review, seek clarification or make suggestions in regard to any proposal not aligned with national strategies.	3. Efficient mechanism for calling upon the GCFAP and GSSD and ministerial or external/contractors to offer needed technical, financial or political expertise and advice. 4. Communication and feedback loops with possible AEs e.g. the NCDD.



<b>country coordination and multi-stakeholder engagement</b>	- In order to ensure consistency with national priorities, strategies and plans, and to avoid duplication, the NDA should have the ability to interact and coordinate with the focal points and designated authorities of other funds (e.g. GEF, Adaptation Fund, CTCN).	<b>Capacities</b> 5. Capacities to undertake technical, financial, regulatory, strategic and political risk assessments e.g. cost benefit analysis, financial sustainability, EIRR vs. FIRR, marginal abatement cost/benefit curve (See Chapter 9). 6. Knowledge of the NDA with regard to the criteria of the GCF's investment framework (see Chapter 9). 7. Implications for human resources. 8. Full details of the no-objection procedures are proposed in Chapter 10.
	- The NDA/focal point should be able to oversee and streamline the country's engagement with all sources of internal and external climate finance	<b>B. With regard to oversight and governance structures for review of funding proposals and no-objection:</b> 1. In Cambodia, the GCF Advisory Task Force will be selected from the sector experts and members of the CCTWG will serve as an oversight mechanism and provide advisory services. The GSSD to be chaired by the SG could be the forum for the NDA to report on climate finance activities (See Chapter 5). 2. Full details of the no-objection procedures are presented in Chapter 10.
	- If required, the NDA should have in place coordination mechanisms to call upon external support with private sector, civil society and other line ministries for proposal assessment.	3. The GCFAP will be set up to provide sector expertise in the appraisal and recommendation of concept notes and funding proposals (See Chapter 5).
	- The NDA must assess funding proposals with regard to the GCF fiduciary standards, ESS, and gender policy	4. Full details of the no-objection procedures are presented in Chapter 10 where members of the GCFAP will use the CN appraisal template to appraise each concept note and funding proposal.
	- The NDA is responsible for overall implementation of the gender policy (the main operational responsibility for implementation lies with the AEs and EEs).	5. Members of the GCFAP will use the CN appraisal template to appraise each concept note and funding proposal based on the gender inclusion criteria. The GCF Gender policy is presented in Annex 7.
		<b>C. With regard to the Fund's socio economic and gender and ESS assessments:</b>
		<b>Processes and procedures</b> 1. Project proposal review process for project preparation of project implementers with regard to environmental and social safeguards and gender considerations and adherence to relevant national laws, regulations and standards.
		2. Communication channels with coordinating bodies (within the MOE and others) for environmental impact assessments, compliance monitoring, inspections, and enforcement across jurisdictions.
		3. Communication channels with line ministry in charge of labour and social inclusion to align with national strategy on gender and youth equality and inclusion.

		<b>Capacities</b> 1. Knowledge and understanding of the Fund's environmental and social guidelines and gender policy. 2. Mandatory application in reviewing project proposals of the Fund's i) guidelines on the socioeconomic and gender assessments, and ii) ESS. 3. Implications for human resources.
	- Although IAEs and DAEs are responsible for coordinating and facilitating stakeholder engagement, the NDA/focal point is responsible for driving and coordinating these processes to facilitate country coordination and multi-stakeholder engagement.	<b>D. With regard to consultation mechanisms for ensuring proposals are in line with national strategies and plans, review the following against best-practice options:</b> <b>Processes, procedures, and structures</b> 1. National coordination and stakeholder engagement mechanisms, negotiation processes and planning procedures (among others). 2. Mechanism to streamline country's engagement with all sources of internal and external finance.
	- The NDAs/focal points are encouraged to disseminate the no objection procedure a) in their countries as appropriate, and b) through their own websites and communication channels, especially in local languages	<b>Capabilities</b> 1. Ability or mechanism to oversee and streamline the country's engagement with all sources of internal and external climate finance. 2. Ability or mechanism to assess existing regular country meetings or national planning/dialogue exercises (this could be in the context of other sources of funding for climate change activities). 3. Ability or mechanism to drive strategic frameworks for the preparation and implementation of funding proposals (may require the creation of a dedicated country coordination mechanism for the country's identification of its strategic framework in the context of the Fund).
<b>3. Act as the focal point for Fund communication</b>	- The NDA/focal point should be able to a) maintain regular communication in English with the Secretariat through Internet-based correspondence, b) facilitate country visits and meetings with Fund's officials, and c) provide written communication as required. - S/he should also be able to disseminate in local languages the key operational procedures of the Fund, including its ESS and no objection procedure.	<b>Processes, procedures, and structures:</b> 1. Communication channels between the DCC and the GCF. 2. National dissemination and outreach channels (e.g. the DCC's website, networks, media) in-country for disseminating the operational procedures of the Fund, its environmental and social safeguards and no-objection procedure; as well as status of funding proposals and programmes.
	- The NDA/focal point should retain an overview of all funding proposals relating to the country and communicate available information on the projects and programmes through appropriate media and relevant networks, including in local languages. - The NDA/focal point should be familiar with multilateral finance and be able to interact with private sector actors in the country.	3. A "team" responsible for coordinating and driving communication with the Fund and managing operational activities. 4. Implications for human resources.
Source: June 2013, Decision B.04/05; February 2014, Meeting of the Board GCF/B.06/07		

## 6.2 NDA's Aspirations

Seeking to fulfil the call by the NSDP and Rectangular Strategy – Phase IV for effective, efficient and transparent government services to put citizens first, the NDA Secretariat aspires to be:

- **Efficient and effective.** Competent, efficient and effective staff equipped with sound decision-making tools supported with simple-to-use knowledge, communication and marketing products (e.g. SOP, handbooks, manuals) who are capable of making swift, balanced, transparent and well-informed decisions based on the evidence provided and through participative and inclusive stakeholder consultations, without causing unduly delays and frustrations to the CF value chain actors (public, private and CSO partners) in the project/programme cycle. The staff will be proactive in identifying and overcoming potential bottlenecks and barriers, to enhance coordination and communication in the submission of high quality concept notes and proposals and nomination of prospective entities to gain direct access to the GCF e.g. Direct Access Entity.
- **Functional.** Access to clear coordination and communication mechanisms to engage with the GCF and CF value chain actors, guided and supported by members of the GCFAP under a transparent and coherent oversight and governance structure that comply with the GCF requirements and operational modalities.
- **Lean.** Adaptive management will be applied with prudence in the cost-effective allocation of human and financial resources so that up-to-date technical, financial and business advisory services and support can be offered to CF value chain actor to access and utilize CF.
- **Digitalized.** In the future, as a small step towards institutionalizing the NDA Secretariat, IT-literate staff will be capable of operating, managing and upgrading the NDA portal website at the DCC with virtual office facility to minimize paper trails so that all stakeholders can access the website irrespective of geography or time for the submission of concept note and proposals. After completeness check, CN will automatically be uploaded to the targeted members of the GCFAP for review (See Chapter 10 on no-objection procedure).

## 6.3 Oath of Services and Code of conducts

Seeking to fulfil the call by the Rectangular Strategy – Phase IV for effective, efficient and transparent governance, the NDA Secretariat will be equipped to:

- Manage and resolve grievances and feedback
- Deal with conflicts of interest – Oath of service:
  - Assists in advising on, and avoiding, potential conflicts of interest.
  - Assists in advising on confidentiality of information.
  - Ensures there is a signed statement by the GCFAP members (Box 2).
  - Ensures the NDA and the GCFAP members are aware of their responsibilities based on the TORs.
  - Gives project developers and the public greater confidence in the NDA and the GCFAP members and decisions made by them.
  - Any disclosed interest by a GCFAP member recorded in minutes of meeting, and the GCFAP member removed from voting on that project.

### **Box 2: Oath of Service by the GCFAP Members**

To avoid conflicts of interest and ensure confidentiality, each member, or authorized officer representing a member, of the GCFAP shall take a written oath of service to abide by the NDA Code of Conduct before assuming his or her duties. Any conflict, or perceived conflict, of interest shall be disclosed at the commencement of a NDA meeting and be recorded in the minutes. The member with the conflict of interest shall not participate in the voting on the endorsement of that project.

#### **Oath of Service**

*"I solemnly declare that I will perform my duties as a member, or authorized officer representing a member, of the GCFAP honourably, faithfully, impartially and conscientiously."*

*"I further solemnly declare and promise that I shall have no financial interest in any project or programme considered by the NDA, neither myself nor any relative or friend of mine and I consent that by all means I am not benefiting from the implementation of such a project by any mean. Subject to my responsibilities to the NDA, I shall not disclose, even after the termination of my functions, any confidential or proprietary information coming to my knowledge by reason of my duties for the NDA."*

*"I shall disclose to the NDA any interest in any matter under discussion before the NDA which may constitute a conflict of interest or which might be incompatible with the requirements of integrity and impartiality expected of a member of the NDA, and I shall refrain from participating in the work of the NDA in relation to such a matter."*

*Signature:*

*Date:*

*Designation:*

#### **Summary:**

- The MOE in Cambodia is mandated as the NDA to the GCF with support from the DCC serving as focal point.
- Means to establish an efficient, functional, lean and digitalized NDA secretariat are described along with their roles and responsibilities.
- The codes of ethic are also presented.

## CODE OF CONDUCT

1. Each member, or any authorized officer representing a member, of the GCFAP will:
  - a. Discharge his/her duties with honesty, integrity and full regard for his/her responsibilities as a GCFAP member.
  - b. Respect the confidentiality of all confidential information acquired in his/her position as a GCFAP member and not make improper use of or disclose such confidential information to third parties.
  - c. Observe the principles of independence, accuracy, respect, dignity and integrity in dealings with other GCFAP members, the NDA Secretariat and NDA stakeholders.
  - d. Exercise personal discretion in deciding whether s/he has a real or perceived conflict of interest with respect to any matter under consideration by the NDA and take appropriate action, which may include remaining silent and/or leaving the room during deliberations and decisions of the NDA, and disclose to the NDA any actual or perceived conflicts of interest of a direct or indirect nature of which s/he is aware and which s/he believes could compromise in any way the reputation or performance of the NDA.
  - e. Maintain the principle of transparency in the preparation and delivery of information to other GCFAP members and NDA stakeholders.
  - f. Remain committed to observing, developing and implementing the principles embodied in this Code in a conscientious, consistent and rigorous manner.
2. A “conflict of interest” refers to any current professional, financial or other interest which could:
  - a. Significantly impair the individual’s objectivity in carrying out his or her duties and responsibilities for the GCFAP, or
  - b. Create an unfair advantage for any person or organization. For the purposes of this code, circumstances that could lead a reasonable person to question an individual’s objectivity, or whether an unfair advantage has been created, constitute a potential conflict of interest.

## Chapter 7: Accreditation and Nomination Procedures for International and Direct Access Entities

This chapter explains who are the DAEs and IEAs and what entities could qualify and what are their roles and responsibilities and what are the nomination and the GCF's fit-for-purpose accreditation and what is the status of Cambodia's accreditation. The GCF mobilizes climate finance by working through a wide range of organizations. Organizations seen to have specialized capacities in driving climate action may apply to become the GCF Accredited Entities. They can be private, public, non-governmental, sub-national, national, regional or international bodies. They should have clear, detailed and actionable climate change projects or programmes to present to the GCF. They must also meet the GCF standards based on financial standards, environmental and social safeguards, and gender.

Accredited Entities develop funding proposals to be considered by the Fund and oversee, supervise, manage, and monitor their respective GCF-approved projects and programmes. There are two types of the GCF Accredited Entities, based on access modalities: Direct Access Entities and International Access Entities.

### 7.1 Who are the IEAs and what are their roles and responsibilities?

**International Access Entities** can include United Nations agencies, multilateral development banks, international financial institutions, and regional institutions. The GCF considers these organizations to have the wide research and expertise to handle a variety of climate change issues, including ones that cross borders and thematic areas. International Access Entities do not need to be nominated by developing country NDAs / focal points.

For organizations that are not Accredited Entities, there are also ways to engage with the GCF. These may include, but are not limited to:

- Partnering with an DAE/IAE on implementing its approved GCF project;
- Co-financing projects with an already DAE/IAE; and
- As a readiness delivery partner, provided that the entity can demonstrate relevant expertise, experience, and capability to implement projects.

The IEAs operating in Cambodia are summarized in Table 6. These are the entities that EE could partner with to access the GCF resources.

<b>Entity/ Partner Name</b>	<b>Area/s of focus</b>	<b>Engagement in country</b>	<b>Efforts to strengthen engagement with the GCF</b>
<b>Agence Française de Développement (AFD)</b>	Urban development, particularly water sanitation and public transport; energy efficiency; renewable energy; sustainability in the RMG sector; Blue economy.	Yes	Yes
<b>Food and Agriculture Organization (FAO)</b>	Food security; agriculture; fisheries; forestry; natural resources assessment and monitoring; land rehabilitation and land conservation; climate resilient	Yes	Yes

	communities; bio-energy; climate change adaptation; Climate change mitigation.		
<b>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH</b>	Energy efficiency and renewable energies; rule of law, good governance and human rights; climate change adaptation in urban areas.	Yes	<i>Potential</i>
<b>International Fund for Agricultural Development (IFAD)</b>	Food security, Small-holders farmers, income generation, agricultural capacities, enhance resilience of local farmers	Yes	- Yes
<b>International Finance Corporation (IFC) / WB</b>	Private Sector engagement	Yes	<i>Potential</i>
<b>International Union for Conservation of Nature (IUCN)</b>	Human and economic development; nature conservation; protected area management; ecosystem based adaptation; vulnerability assessments and research; capacity development.	Yes, limited	<i>Potential</i>
<b>Kreditanstalt für Wiederaufbau (KfW)</b>	Climate change adaptation in urban areas; energy efficiency and renewable energies.	Yes	<i>Potential</i>
<b>United Nations Development Programme (UNDP)</b>	Building resilience of most vulnerable; Livelihood Resilience/Adaptation, ecosystem based adaptation; forestry and REDD+; adaptive watershed management; renewable energies and climate smart cities; low-emission transport; capacity building for adaptation and mitigation in development planning, budgeting, and implementation; climate finance readiness.	Yes	Yes
<b>United Nations Environment Programme (UNEP)</b>	Climate Technology Road Map, Assessment of environment in the country	Yes	- Yes
<b>World Food Programme (WFP)</b>	Disaster risk reduction; resilience innovation; food security and nutrition; social safety net; emergency response.	Yes	<i>Potential</i>

## 7.2 Who are the DAEs and what are their roles and responsibilities?

**Direct Access Entities** are sub-national, national or regional organizations that need to be nominated by developing country National Designated Authorities (NDAs) or focal points. Organizations nominated to become Direct Access Entities may be eligible to receive the GCF readiness support. This funding is designed to help organizations in developing countries prepare to become Accredited Entities, as well as helping those which have already been accredited to strengthen their organizational capacities.

Prospective entities that could be accredited to be the GCF in Cambodia are:

- Public sector: GSSD, etc.
- Private sector: Potential banks in Cambodia to access concessional loan
- CSO sector: For future nomination

**National Committee for Sub-National Democratic Development Secretariat (NCDDSD):** NCDDSD is a public entity that has been nominated by the Cambodian Government to be the first DAE to apply for the GCF direct access to scale up the climate solutions e.g. the Local Governments and

Climate Change programme (LGCC)<sup>9</sup>. With support from the CCCA and the UNCDF, the NCDD is at the Stage 2 of the accreditation process. The NCDD has submitted all the documents to the GCF in May 2019 and officially declared as Direct Access Entity in November 2019 during the GCF Board Meeting.

**The GCF guideline for the GSSD to be a DAE:** The GCF in Latin America Country (LAC) on the 28 March 2019 has provided some initial guidance based on their experience in approving Antigua and Barbuda's NDA who is also serving as a DAE:

- *“As one may appreciate, the role for the NDA and DAE are very different. As such the GCF encourages separation to avoid conflict in decision making. The GCF understands that in some instances this may be the preference for varying reasons. In such instances it would have to be sanctioned by Parliament or Cabinet of Ministers. To justify the request, then information should be provided on how the duties will be separated and to clearly indicate if there is a conflict of interest or not. In the case where there is a conflict of interest, then information (including clear steps) must be provided on how the functions are separated.*
- *In the case of Antigua & Barbuda, the Department of Finance has to act as the NDA on every occasion on interaction with the GCF where a signature is required as a means of ensuring safeguards. They were also required to produce a Cabinet decision and a legal opinion from the Attorney General's Chamber on the Cabinet Decision to nominate the DAE.*
- *The clear steps are:*
  - *Ensure that there are not two entities which can perform the separate functions (1) DAE and (1) NDA before making a decision to have a joint NDA/DAE setup;*
  - *If it is determined that two separate agencies cannot be found in the country, then a justification document which provides information on whether there is a conflict of interest or not; details of key steps for avoiding conflict of interest if they exist; details on how separation of functions will be ensured and maintained;*
  - *Ensure that decision for the preferred agency comes from a high-level decision-making body such as Parliament or Cabinet of Ministers and produce evidence of: i) Cabinet Decision and ii) or Legal Opinion from Attorney General's Opinion on Cabinet Decision; and*
  - *Documentation based on (2) and (3) above, should all be provided to the GCF who will make a determination based on each case.*
- **Implications for Cambodia:**
  - i. The Minister of Environment is the NDA to the GCF
  - ii. The Department of Climate Change who sits under the General Secretariat of the National Council of Sustainable Development is the 'unofficial' NDA Focal Point who does support the MOE to communicate with the GCF.
  - iii. The National Council for sub-national Democratic Development (NCDD) has been accredited as a DAE by the GCF board in November 2019.
  - iv. Now the GSSD would like to be accredited to the GCF as a DAE to support EEs to implement projects/programmes at the national level whilst the NCDD will support EEs to implement projects/programmes at the sub-national level.
- As long as the MOE and the GSSD do not have the same function and has no potential conflict of interest, then the GSSD may be eligible to be the DAE. A 'ring fence' will need to be established to protect potential conflict of interest.

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<sup>9</sup> <https://www.uncdf.org/article/3561/stakeholder-presentation-on-proposed-initiatives-for-subnational-climate-change-adaptation-financing-takes-place-in-cambodia>



### 7.3 What is Cambodia's nomination procedure?

Cambodia's procedure to nominate public, private, and CSO entities as accredited entity to the GCF is presented in Figure 11 and explained in more details in Section 7.4.

#### i. Requesting a nomination letter for the GCF accreditation from the NDA

##### **Step 1. Prospective DAE assesses their eligibility**

- a. Prospective DAE assesses their eligibility for accreditation by completing the questionnaires at the GCF Online Accreditation System (OAS) to generate a self-assessment report.

##### **Step 2. Prospective DAE requests for a nomination letter from the NDA**

- a. If found to be eligible, prospective DAE requests for a nomination letter from the NDA with supporting documents.

##### **Step 3. Nomination appraisal by the NDA**

- a. The NDA appraisal team acknowledges receipt of application; the team reviews application and draft appraisal report and send to the GCFAP for their review
- b. The NDA call meeting with the GCFAP to appraise based on the criteria below and make recommendation on the application

##### **Step 4. Nomination approval**

- a. If approved, the NDA issues nomination letter and explores the feasibility to apply for the GCF Readiness Support

##### **Step 5. Prospective DAE submits a Form 07<sup>10</sup> application with nomination letter to the GCF**

- a. Prospective DAE submits an application (Form 07) with nomination letter to the GCF
- b. The GCF will review the Form 07 and if cleared by the GCF, the DAE will enter into Stage 1 of the accreditation process and complete the Form 05<sup>11</sup>
- c. The GCF issues username and password to the DAE to enable it to upload Form 05 with track records and supporting documents to the GCF online accreditation database system.
- d. The DAE responds to comments and requests by the GCF.

##### **Step 6. The GCF reviews the application**

- a. The GCF reviews the Form 05 application form, conducts completeness checks, review track records and supporting documents and recommends either its acceptance or rejection to the GCF Board.

##### **Step 7. The GCF Approval**

- a. If approved by the GCF Board decision, the GCF Secretariat send letter of approval to prospective DAE and NDA.

##### **Step 8. Accreditation Master Agreement (AMA) signing and ratification**

- b. Signature of all official letters and other documents.
- c. Signature of AMA between the NDA and the GCF Secretariat.

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<sup>10</sup> All latest GCF forms are available here: <https://www.greenclimate.fund/library/-/docs/list/574044>

<sup>11</sup> All latest GCF forms are available here: <https://www.greenclimate.fund/library/-/docs/list/574044>

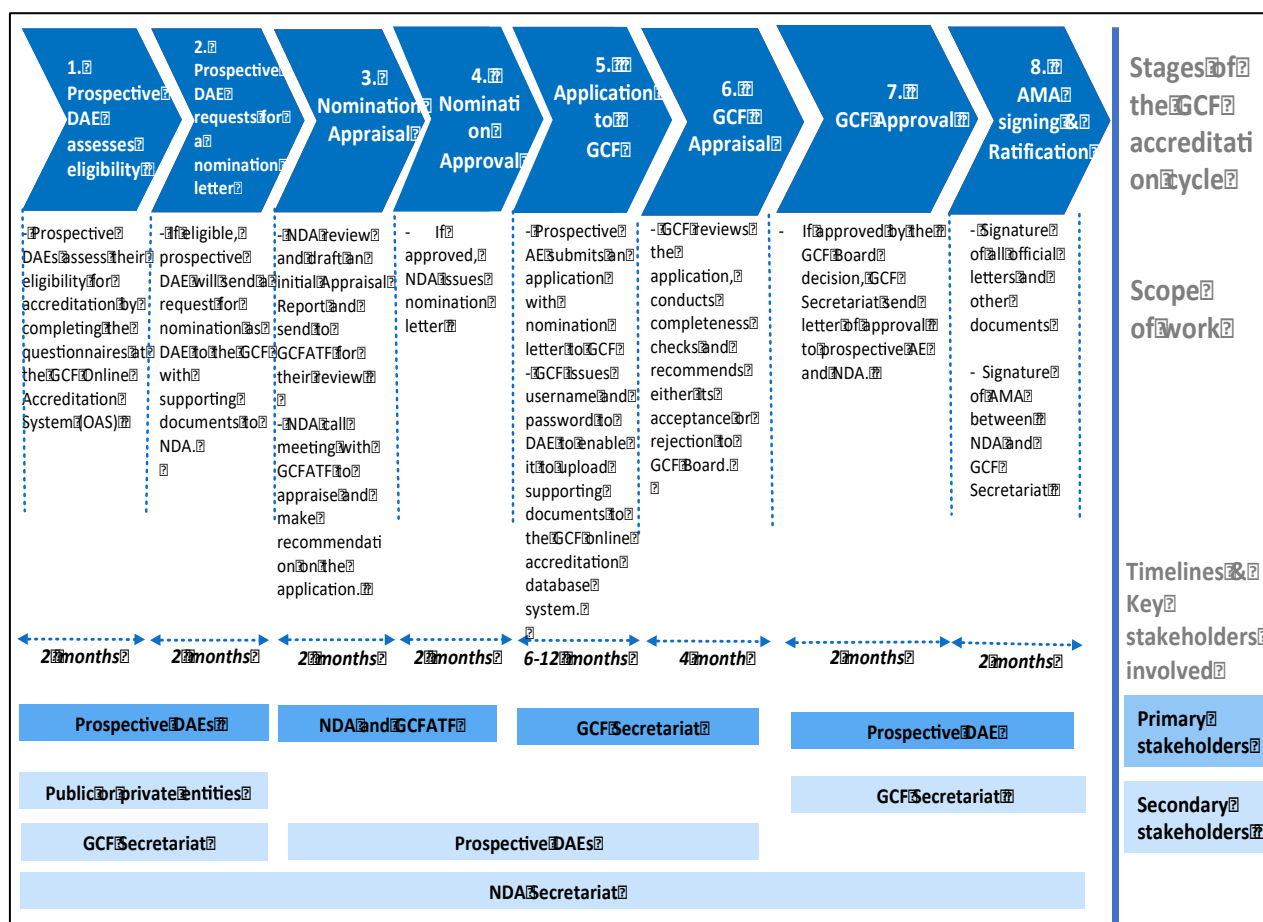


Figure 11: Prospective DAE nomination and accreditation procedures

## ii. DAE nomination and accreditation assessment criteria

The following criteria should be used by the NDA to evaluate each applicant:

- Is there a clear and articulated vision of how the applicant intends to use the GCF funds?
- What value can the applicant add to meet the GCF and national objectives?
- Is there evidence and a demonstrated understanding of the GCF accreditation standards and process?
- Is there evidence of the applicant's status as a legal entity?
- Is there evidence of the applicant's complementarity with other DAEs and confirmation there is no duplication or redundancy?
- Does the applicant have a track record of undertaking and implementing fiduciary standards and EES, of developing innovative project proposals, and of project management skills (MRV procedures)?

The NDA might also factor in some strategic considerations related to the applicant's capacity (in terms of mutual accountability), such as:

- Does the applicant have a track record of zero tolerance for fraud, which is demonstrated by its top management?
- Can the applicant demonstrate a working environment free from direct and indirect fraud and corruption, both on the part of its own staff and on the part of third parties?

- Does the entity have the ability to resolve any allegations of fraud or misconduct in a transparent and complete manner, involving the required authorities as appropriate?
- Are there no obvious reasons to deny nomination because of reputational issues?
- Is there an obvious lack of alignment between the applicant's mission and the GCF objectives?
- Does the applicant have demonstrable experience of oversight and accountability during a project cycle?
- Does the applicant have a track record of assessing and handling potential conflicts of interest?

### **iii. Documents to be submitted**

- request for nomination for the GCF accreditation letter;
- statement of purpose reflecting entity's vision of how it intends to use the GCF funds and the value it can add to the GCF and national objectives;
- document demonstrating understanding of i) the accreditation standards and requirements, and ii) the application process; and
- document confirming legal status of applicant.

### **iv. Developing Cambodia conformity with the Fund's fiduciary standards**

Assessment of the conformity of each chosen entity with the Fund's fiduciary standards will be considered according to the nature of the fiduciary risk, the scale of intended activities, and type of entity (as shown in Figure A3). The fit-for-purpose accreditation approach for Cambodia' DAEs is described in greater detail in Annex 3.

## **7.4 What is the fit-for-purpose accreditation approach<sup>12</sup>?**

Further details on the fit-for-purpose accreditation approach are also explained in Annex 3.

### **Step by step to become an accredited entity**

#### **Step 1. Self-assessment check**

Before starting the application process, organizations can assess whether they meet the basic requirements to become Accredited Entities. They can do this by considering a series of questions through the [GCF's online assessment tool](#).

This online questionnaire helps organizations assess:

- Whether they are considered having full legal capacity to undertake activities funded by the Green Climate Fund,
- What their institutional arrangements are - including their systems, policies, procedures, and guidelines, and
- Their track record – considering whether their systems, policies, procedures, and guidelines have been implemented systematically.

The Self-Assessment Tool helps organizations save time and expenses by deciding at an early stage whether they meet the GCF accreditation requirements. The Self-Assessment Tool is a

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<sup>12</sup> <https://www.greenclimate.fund/gcf101/getting-accredited/accreditation-process>

guide only and does not guarantee later GCF accreditation. Organizations considering applying for accreditation do not need to pay the accreditation application fee at this stage.

Once an organization is confident it has the credentials to become an Accredited Entity, it can start the three-stage application process. Entities applying for accreditation should have been operating for at least three years.

## **Step 2. Preparing an application**

All Direct Access Entities need to be nominated by a developing country NDA / focal point. International Access Entities can seek the GCF accreditation directly without nomination by a developing country National Designated Authority / focal point. The NDA / focal points nominate Direct Access Entity applicants by filling out this [template](#) and sending it to the GCF at this email address: [accreditation@gcfund.org](mailto:accreditation@gcfund.org)

All accreditation applicants need to apply to join the GCF's Online Accreditation System (OAS). They do so by filling out the [document](#). Once the complete form is accepted by the Secretariat, applicants will receive a log-in to access the [GCF's online application system](#).

They will be asked to fill out this online [application form](#) within the OAS. This is the main part of applying for accreditation. The application form contains detailed guidance on how to fill it out.

Organizations that have already been accredited by the Global Environmental Facility (GEF), [Adaptation Fund](#) and the Directorate-General Development and Cooperation – Europe Aid of the European Commission ([DG DEVCO](#)) may be eligible to apply for fast track accreditation if three pre-requisites are fulfilled.

Organizations submit their application in the OAS after they have completed the online accreditation application form.

Application fees are paid at this point. This amount varies according to the fiduciary functions and the size of financing for project or programmes the accreditation applicant is proposing to receive the GCF funding. Some of the fees will be waived for sub-national, national and regional organizations based in Small Island Developing States (SIDS) and Least Developed Countries (LDCs) for certain financing amounts.

## **Stage I: Checking an application**

Once application fees are received, the GCF Secretariat reviews the application to ensure the mandate of the accreditation applicant aligns with the GCF's mandate and objectives in targeting climate finance, and in a manner that can contribute to developing country programming priorities with the GCF. The Green Climate Fund has identified eight strategic impact areas for delivering major mitigation and adaptation benefits (see CN template in Section 9.2).

The GCF Secretariat also checks whether the accreditation applicant has provided sufficient information about the applicant's systems, policies, procedures, and guidelines related to safeguarding projects against financial, environmental, social and gender, risks and impacts. The GCF Secretariat will also check whether information on the applicant's track record of applying the systems, policies, procedures and guidelines has been provided.

The GCF Secretariat may ask applicants questions about their accreditation application with the aim to have a complete application. This often involves considerable back and forth correspondence between the applicant and the GCF Secretariat.

In 2017, applications during Stage I will be checked by the GCF Secretariat in accordance with the GCF Board's decision to prioritize applications from:

## National Direct Access Entities:

- Entities in the Asia-Pacific and Eastern European regions;
- Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decisions B.09/07, paragraph (g)<sup>13</sup> and decision B.10/06, paragraph (h)<sup>14</sup>;
- Entities responding to requests for proposals issued by the GCF, for example including a pilot phase for enhancing direct access; a pilot programme to support micro-, small-, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;
- Entities seeking fulfilment of conditions for accreditation; and
- Entities requesting upgrades.

## Stage II: Reviewing and recommending to the GCF Board

Once the GCF Secretariat is satisfied that application completeness requirements are met, it passes on submitted documents to the Accreditation Panel. This group of six accreditation experts provides an independent appraisal of the application, focusing on whether the accreditation applicant meets the GCF standards it is applying for.

In 2017, applications during Stage II will be checked by the Accreditation Panel in accordance with the GCF Board's decision to prioritize particular applications (as indicated in Stage 1)

At this point, the Accreditation Panel may ask applicants to provide clarifications, while liaising with the GCF Secretariat.

The GCF Secretariat and the Accreditation Panel then send their recommendations to the GCF Board. This recommendation will include the GCF Secretariat's assessment from the Stage I check, and the recommendation by the Accreditation Panel regarding accreditation and the accreditation criteria. The Accreditation Panel may also, in cases where it finds gaps in the accreditation applicant meeting the GCF standards it is applying for, recommend conditions of accreditation. For example, conditions may be prior to first disbursement for the amendment or development of a policy or procedure, or an on-going condition applied to all GCF-funded projects regarding information to be provided or additional monitoring requirements.

If the application is complete and does not require follow up questions, the duration of the review process by both the GCF Secretariat and the Accreditation Panel could be a minimum of six months, or three months for fast-track applications. (More details about the duration of the review process in FAQ below.)

The GCF Board, which generally meets three times a year, makes the final decision about whether to accredit the entity. The GCF Secretariat informs the applicant entity about the result of the GCF Board decision.

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<sup>13</sup> [https://www.greenclimate.fund/documents/20182/24952/GCF\\_B.10\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Tenth\\_Meeting\\_of\\_the\\_Board\\_6-9\\_July\\_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215](https://www.greenclimate.fund/documents/20182/24952/GCF_B.10_17_-_Decisions_of_the_Board_-_Tenth_Meeting_of_the_Board_6-9_July_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215)

<sup>14</sup> Also decides that, recalling decision B.06/06 and pursuant to decision B.09/07, paragraph (g), the Secretariat will actively support applications for accreditation received from subnational, national and regional public and private sector entities in order to ensure a balance of diversity, including between entities under the direct access and international access modalities, in the list of entities being considered for accreditation by the Board.

### Stage III: Legal Arrangements

The approved Accredited Entity will then sign an Accreditation Master Agreement (AMA)<sup>15</sup> with the GCF.

AMAs are legal agreements that set out the terms and conditions for an entity's use of the GCF resources. They formalize the Accredited Entity's accountability in carrying out the GCF-approved projects appropriately. For individual the GCF-funded activities approved by the Board, the Accredited Entity enters into a Funded Activity Agreement (FAA) for each approved project, which contains project-specific terms.

Accredited Entities are required to carry out a yearly self-assessment of their operations to assess whether they continue to meet the accreditation standards they have applied for.

Accredited Entities are also required to submit yearly progress reports about their management of the GCF-approved climate finance projects or programmes.

Accredited Entities will need to re-apply to retain their status every five years. The GCF is currently working on procedures to guide the re-accreditation process.

#### Summary

- This chapter explains who are the IEAs and DAEs, what entities could qualify, what are their roles and responsibilities, what are the nomination procedure and fit for purpose accreditation approach and what is the status of Cambodia's accreditation.
- AEs can be private, public, non-governmental, sub-national, national, regional or international bodies.

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<sup>15</sup> [https://www.greenclimate.fund/documents/20182/574712/Form\\_05\\_-\\_Accreditation\\_Master\\_Agreement.pdf/8c4f6cbf-ae17-4856-81c1-64ac8fbfa506](https://www.greenclimate.fund/documents/20182/574712/Form_05_-_Accreditation_Master_Agreement.pdf/8c4f6cbf-ae17-4856-81c1-64ac8fbfa506)

## Chapter 8: Executive Entities

This chapter explains who are the EEs and what entities could qualify and what are their roles and responsibilities. GCF defines Executive Entities (EEs) as entities through which the GCF proceeds are channelled or used for the purposes of a funded activity, and/or any entity that executes, carries out or implements a funded activity. EEs do a range of activities geared towards achieving the project's activities.

### 8.1 Who are the EEs and what are their roles and responsibilities?

- EEs can be any entities from the public, private and CSO sectors;
- Roles and responsibilities: formulate concept note/proposal, implement and monitor the project/programme; and
- Work closely with the DAE and IAE to implement all the activities according to the project work plan to deliver on all the outputs according to the budget and timeline proposed in the results logical framework (see Section 11).

Unlike accredited entities, EEs do not get direct access to the GCF. The organizations or individuals doing all these activities are EEs and they can either come from the private or public sector. EEs come in to make sure that the different aspects of a GCF project are delivered in accordance with project objectives. Specifically, EEs get involved in the following activities during project development and implementation:

- Identifying potential projects in each priority area;
- Prioritizing and selecting projects to take forward;
- Identifying barriers and solutions;
- Evaluating options, designing intervention and estimating impacts;
- Working out project plan & cost;
- Developing concept notes and proposals and supporting evidence;
- Submitting proposals to the NDA's & AE's;
- Implementing project activities;
- Refining and adapting plans during project execution; and
- Monitoring and evaluating project impacts.

### 8.2 Who will qualify as EEs?

- Criteria to identify and select EEs. EEs must have:
  - Proven track record in implementation and monitoring of climate project/programme;
  - Transparent system for data management and record keeping and archiving;
  - Appetite for implementation and ensuring ownership and demand driven concepts and project ideas and its formulation;
  - Absorptive capacity to implement and Monitoring Reporting and Verifying (MRV) of project/programme and to scale up and replicate the solutions beyond the one-off project; and
  - Strong business acumen and entrepreneurial spirit.
- EEs will need to be trained and fully capacitated in the skills and knowledge to access and utilize climate finance.

**Summary**

- EEs are entities from the public, private and CSO sector who will implement the project in partnership with the DAE or IAE according to the project document.
- They will need to monitor and provide annual report to the DAE or IAE and the NDA.



## Chapter 9: GCF Proposal Approval Process and Development of High-Quality Concept Note and Funding proposals

This chapter describes the GCF proposal approval process and steps to develop high quality and competitive concept notes and funding proposals for meeting Climate Financier requirements e.g. using the GCF as the example? The basic knowledge and skills presented will also help the EEs in the public, private and CSO sectors to develop high quality concept notes to access national and international climate finance and not just for the GCF.

### 9.1 GCF Proposal approval processes

- Knowing the difference between the GCF (see Figure 12) and Cambodia's national development project cycle and explore of these could be integrated to track and tag / mark climate finance
- How to assess the relevance of public and private funding sources for your project pipeline?
- What are the checklists for successful funding proposals; key stages in developing a successful funding proposal?
- What are the GCF monitoring and evaluation and results management framework?
- How to negotiate and communicate between the applicant and the GCF in the periods between submitting the concept to submitting the CN and then after (with possible proposal amendments) until getting final approval by the GCF Board?

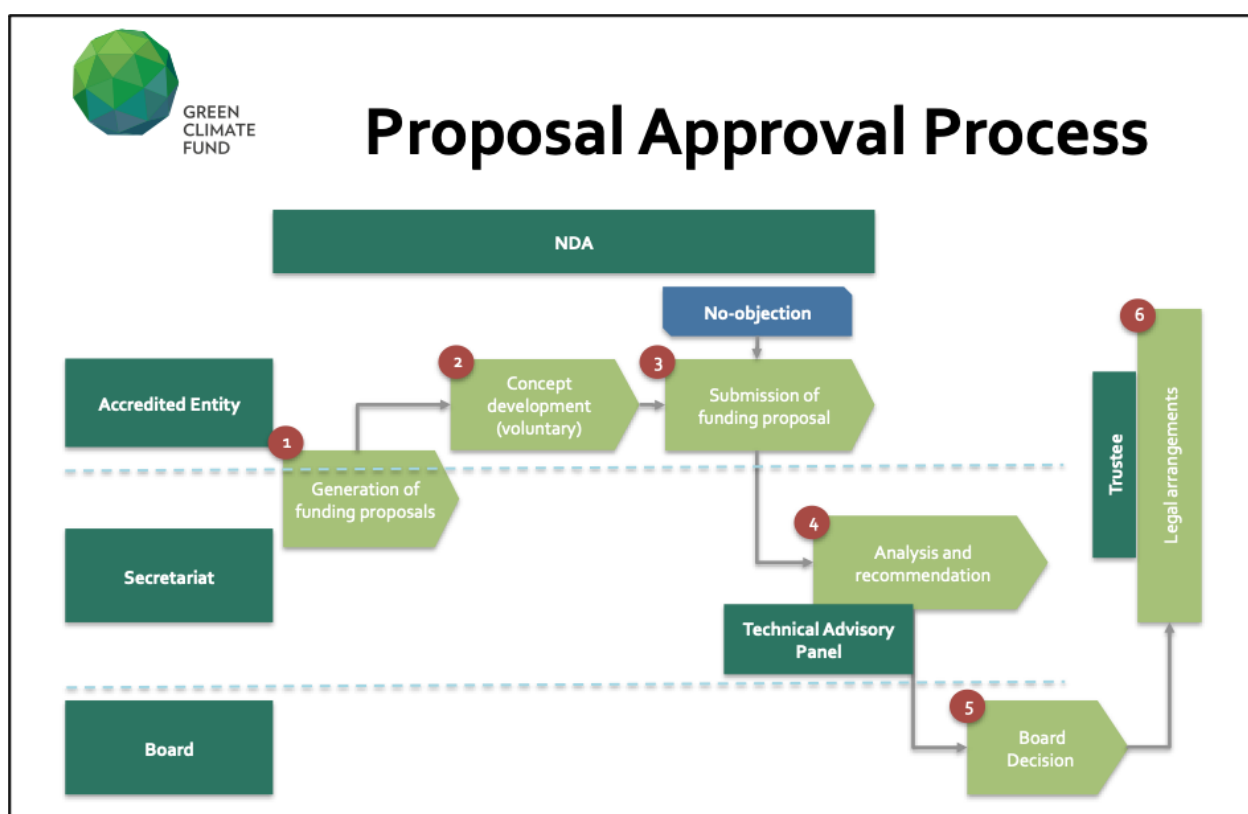


Figure 12: GCF approval process.

### Key messages:

- EE in partnership with the DAE/IAE is encouraged to develop high quality concept note as a mandatory first step instead of developing detailed project proposal which may consume lots of time, efforts and money;
- EE and DAE/IAE will seek early dialogue with the NDA to notify the NDA of the concept note; and
- EE and DAE/IAE will apply for no-objection letter with the high-quality and competitive concept note.

## 9.2 How to design high quality and competitive concept notes and funding proposals?

These notes explain the steps to complete the CN template in Section 9.3.

### Steps in the Theory of Change Approach

A. What are the climate-related problems you are trying to solve or climate-related barriers trying to overcome?

B. What are the climate-related solutions you are proposing?

C. Understanding the Theory of Change approach:

- What is your overall goal or objective?
- What are the long-term impacts you are trying to deliver and achieve?
- What are the outcomes? (Medium term result)
- What are the outputs to achieve each outcome? (Short term results)
- What are the activities to achieve each output?
- What are the SMART indicators to monitor and evaluate your outputs?

D. Setting the Goals and outcome and output and activities:

The project goals will be achieved through the following outcomes and their outputs and activities:

- Outcome 1:
  - Output 1.1:
    - Activities 1.1.1:
      - 1.1.1.1 Indicators:
    - Activities 1.1.2:
    - Activities 1.1.3:
  - Output 1.2:
    - Activities 1.2.1:
    - Activities 1.2.2:
    - Activities 1.2.3:

E. How to monitor and evaluate your results? What are the results logical framework (log-frame)?

Results logical framework						
Outcome	Output	SMART Indicators	Baseline	Target	Verification	Assumptions
Outcome 1	Output 1.1					
	Output 1.2					
	Output 1.3					

#### F. What is the proposed budget?

The budget will be based on the activities performed in each output. Potential co-funding from the public, private and CSO partners could be added as in-kind or cash contributions. Unlike GEF funding there is no set rules on the ratio of co-funding.

Proposed budget					
Outcome	Output	Unit Cost (USD)	Total Cost (USD)	Potential Planned Sources	Timeline
Outcome 1	Output 1.1				
	Output 1.2				
	Output 1.3				
Sub-total					
Grand total					

#### G. Who are the key stakeholders and what are their roles?

Key public, private and CSO Partners and their roles in the activities and if/how they will contribute to the project.	
Key Partners	Status/Role in the project
Public	
Private	
CSO	

#### H. What are the risks and how to mitigate them?

Risk analysis and mitigation strategy		
Type of risk	Level (H, M, L)	Mitigation strategy
Policy		
Technical		
Financial		
Business		
Knowledge/information		
Social/cultural		
Others (i.e. occupation challenges, issuance of licenses and permits, access to resources [land and water])		

I. What is your exit strategy? When the project terminates, and fund runs out, what will happen to your project? Degree of institutional, regulatory, technical, financial and social sustainability after the project is completed and implementation is concluded.

What are the six GCF investment criteria (See Figure 13 and Annex 4 for more detail)?

Paradigm shift potential:

- Potential for scaling-up and replication (e.g. multiples of initial impact size);
- Potential for knowledge and learning;
- Contribution to the creation of an enabling environment; and
- Contribution to the regulatory framework and policies.



**Figure 13: GCF investment criteria**

## 9.2 Cambodia Concept Note Template

EEs, DAEs and project proponents are encouraged to use CN template to design their proposal. This CN template is adapted from the GCFAP template and is based on the Theory of Change approach for designing transformative proposals with strong exit strategy beyond the one-off project to achieve short term outputs, leading to medium term outcome and culminating in long term impact. Periodic training will be organized by the NDA for EEs, the DAEs, the MOE experts

and the GCFAP members<sup>16</sup> on how to use this template. There is potential for line ministries to adapt and adopt this template for designing proposals for the annual development programme under the national budgetary system.

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Cambodia Concept Note Template v1.1 (22 Nov 2018)<sup>17</sup>

Please complete and return your concept note to the NDA at the MOE.

Project/Programme Title<sup>18</sup>:

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Country(ies):

---

National Designated Authority(ies)  
(NDA):

---

Executing Entities:

---

Accredited Entity(ies) (AE):

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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](#).

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<sup>16</sup> First training was conducted on the 5 July 2019 in Phnom Penh, Cambodia

<sup>17</sup> This CN template is adapted from the GCF CN template.

<sup>18</sup> How you frame your title could also influence the way you design your proposal. Where possible try and frame your title from a business perspective.

A. Project/Programme Summary (max. 1 page)			
<b>A.1. Project or programme</b>	<input type="checkbox"/> Project <input type="checkbox"/> Programme	<b>A.2. Public or private sector</b>	<input type="checkbox"/> Public sector <input type="checkbox"/> Private sector
<b>A.3. Is the CN submitted in response to an RFP?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, specify the RFP: _____	<b>A.4. Confidentiality<sup>19</sup></b>	<input type="checkbox"/> Confidential <input type="checkbox"/> Not confidential
<b>A.5. Indicate the result areas for the project/programme</b>	<p><u>Mitigation</u>: Reduced emissions from:</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><u>Adaptation</u>: Increased resilience of:</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		
<b>A.6. Estimated mitigation impact (tCO<sub>2</sub>eq over lifespan)</b>		<b>A.7. Estimated adaptation impact (number of direct beneficiaries and % of population)</b>	
<b>A.8. Indicative total project cost (GCF + co-finance)</b>	Amount: USD _____	<b>A.9. Indicative GCF funding requested</b>	Amount: USD _____
<b>A.10. Mark the type of financial instrument requested for the GCF funding</b>	<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 _____		
<b>A.11. Estimated duration of project/ programme:</b>	a) disbursement period: b) repayment period, if applicable:	<b>A.12. Estimated project/ Programme lifespan</b>	This refers to the total period over which the investment is effective.
<b>A.13. Is funding from the Project Preparation Facility requested?<sup>20</sup></b>	Yes <input type="checkbox"/> No <input type="checkbox"/> Other support received <input type="checkbox"/> If so, by who: _____	<b>A.14. ESS category<sup>21</sup></b>	<input type="checkbox"/> A or I-1 <input type="checkbox"/> B or I-2 <input type="checkbox"/> C or I-3
<b>A.15. Is the CN aligned with your accreditation standard?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<b>A.16. Has the CN been shared with the NDA?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>A.17. AMA signed (if submitted by AE)</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> If no, specify the status of AMA negotiations and expected date of signing: _____	<b>A.18. Is the CN included in the Entity Work Programme?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>A.19. Project/Programme rationale, objectives and approach of programme/project (max 100 words)</b>	Brief summary of the problem statement and climate rationale, objective and selected implementation approach, including the executing entity(ies) and other implementing partners.		

<sup>19</sup> Concept notes (or sections of) not marked as confidential may be published in accordance with the Information Disclosure Policy ([Decision B.12/35](#)) and the Review of the Initial Proposal Approval Process ([Decision B.17/18](#)).

<sup>20</sup> See [here](#) for access to project preparation support request template and guidelines

<sup>21</sup> Refer to the Fund's environmental and social safeguards ([Decision B.07/02](#))

## B. Project/Programme Information (max. 8 pages)

### B.1. Context and baseline (max. 2 pages)

*Describe the climate vulnerabilities and impacts, GHG emissions profile, and mitigation and adaptation needs that the prospective intervention is envisaged to address.*

*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.*

*Describe the main root causes and barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc.) that need to be addressed.*

*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.*

**Problem statement: What are the climate-related problems?**

**Solutions statement: What are the climate-related solutions?**

**After identifying your long list of climate-related problems and solutions, try and organize them into thematic areas for developing your outputs and outcomes as shown in the table below:**

Thematic areas	Climate-related problems	Climate-related solutions
i. Policy/regulatory:		
ii. Institutional:		
iii. Technical:		
iv. Knowledge:		
v. Financial:		
vi. Business:		
vii. Social and gender and youth		

### B.2. Project/Programme description (max. 3 pages)

*Describe the expected set of components/outputs and subcomponents/activities to address the above barriers identified that will lead to the expected outcomes.*

*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.*

*Describe how activities in the proposal are consistent with national regulatory and legal framework, if applicable.*

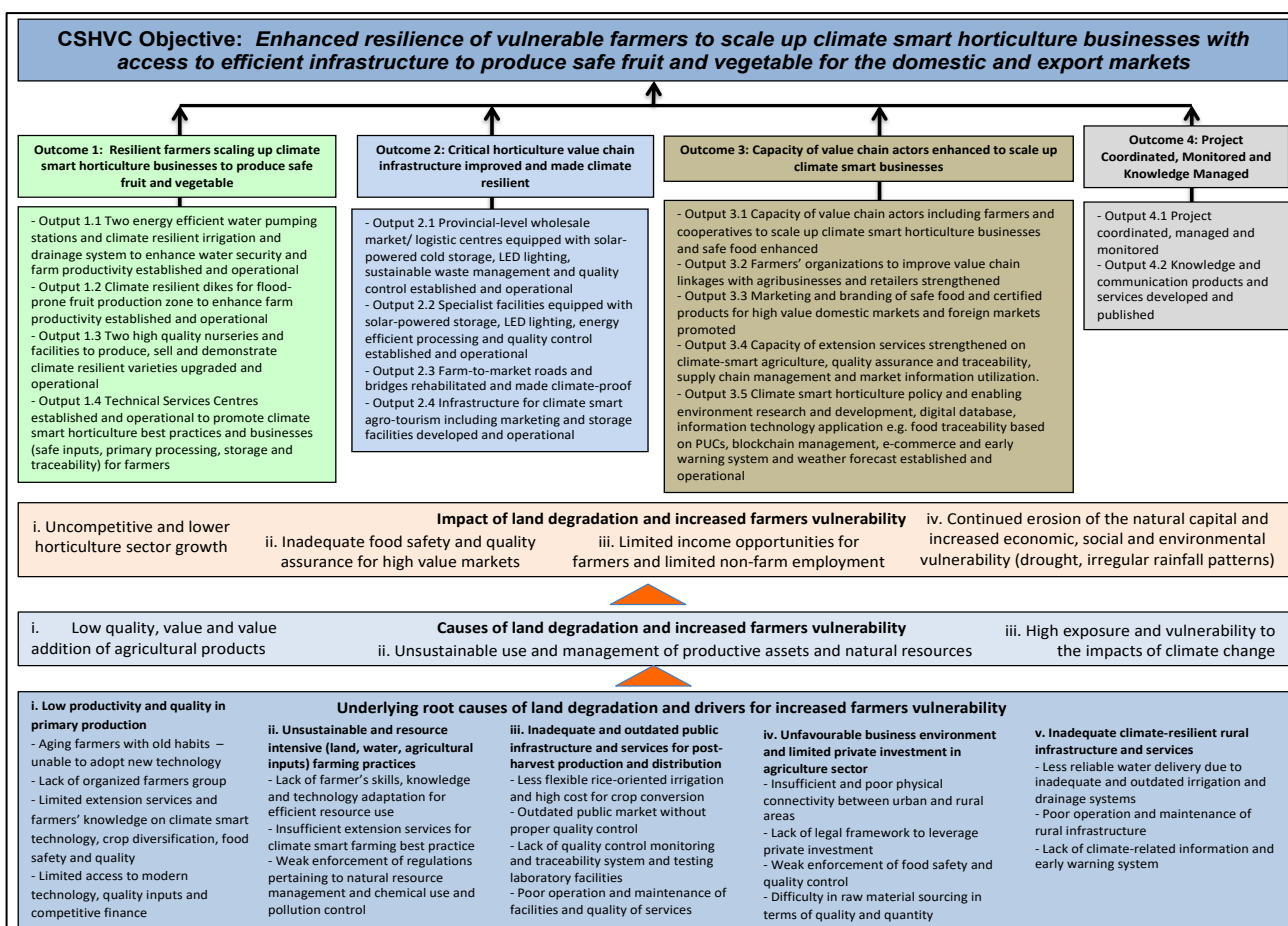
*Describe in what way the Accredited Entity(ies) is well placed to undertake the planned activities and what will be the implementation arrangements with the executing entity(ies) and implementing partners.*

*Please provide a brief overview of the key financial and operational risks and any mitigation measures identified at this stage.*

#### **Objectives of the project:**

The objectives of the project will be achieved through the following outcomes and outputs (based on the Theory of Change approach):

- Outcome 1:
  - Output 1.1:
    - Activities 1.1.1:
    - Indicator 1.1.1.1:
    - Activities 1.1.2:
    - Activities 1.1.3:
  - Output 1.2:
    - Activities 1.2.1:
    - Activities 1.2.2:
- Outcome 2:
  - Output 2.1:
    - Activities 2.1.1:
    - Activities 2.1.2:
  - Output 2.2:
    - Activities 2.2.1:
    - Activities 2.2.2:



### An example of Theory of Change

#### B.3. Expected project results aligned with the GCF investment criteria (max. 3 pages)

*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.*

*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.*

Please refer to Annex 4 of the NDA OM to complete this section.

The expected impacts are well aligned with GCF 6 investment criteria:

**1. Impact potential:** What are the mitigation (annual and total volume of GHG emission saved or avoided) and adaptation impact potential of the project/programme (number of direct and indirect beneficiaries)?

**2. Paradigm shift:**

i. Potential for scaling up and replication to other areas in Cambodia: Are there business case for scaling up and replication?

ii. Knowledge and learning generated: How lessons and skills learned in the project and from others could be captured and converted into knowledge and communication products, services and platforms for co-learning and South-South exchange.

iii. New enabling environment created:

iv. Regulatory framework created:

v. Any new market and new innovation created:

**3. Sustainable development: links to SDGs**

**4. Needs of recipients:** Is this a 'demand driven pull' proposal where the needs of the women, youth and vulnerable groups are consulted and where they are not seen as mere beneficiaries but that their active participation as empowered and trained value chain actors are critical to the success of the proposals?

**5. Country ownership:** Are they alignment with the national development (NPA) and climate change policy, strategy and action plan?

**6. Efficiency and effectiveness:** In terms of the overall cost per volume of GHG emissions saved or avoided and number of beneficiaries divided by the total volume of funding.



**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.

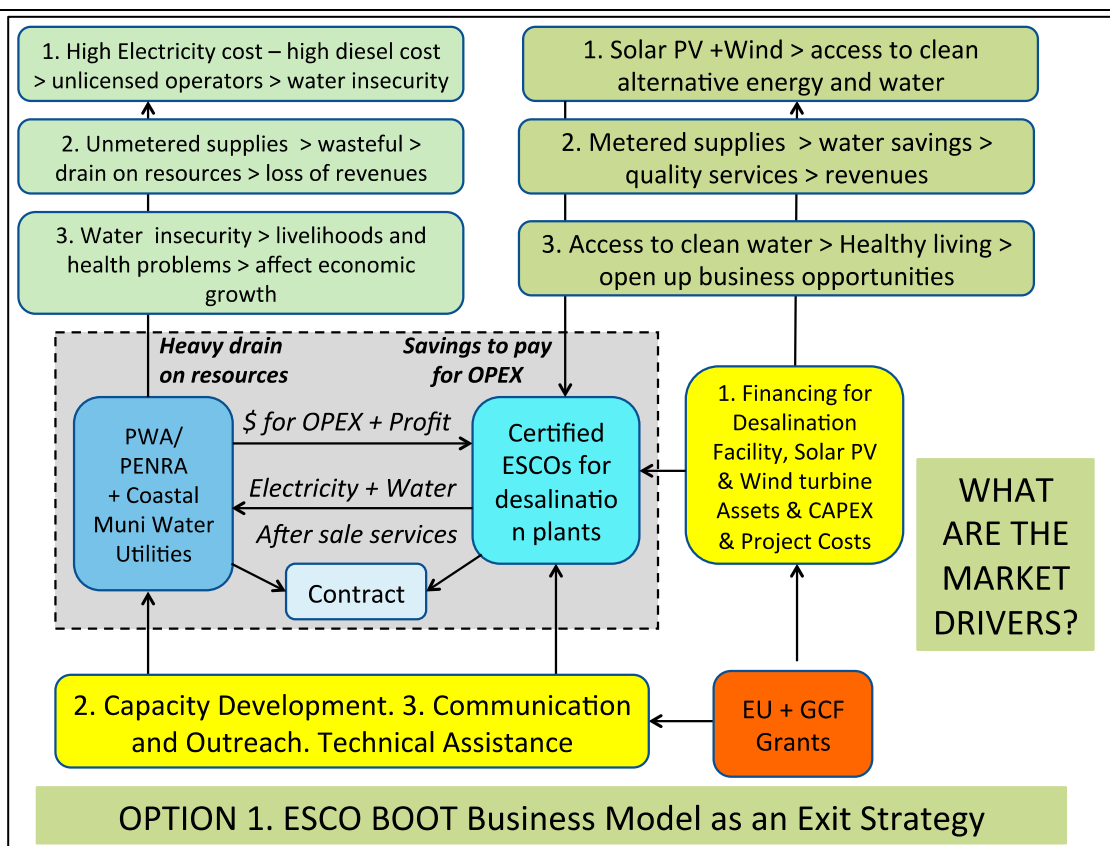
STAKEHOLDER	ROLES IN THE PROJECT
A. PUBLIC	
B. PRIVATE SECTOR	
C. CSO PARTNERS	
D. ACADEMIA	

**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.

OUTCOME	Indicative cost (USD)	GCF financing		Co-financing		
		Amount (USD)	Financial Instrument	Amount (USD)	Financial Instrument	Name of Institutions
<b>OUTCOME 1</b>						
OUTPUT 1.1						
OUTPUT 1.2						
OUTPUT 1.3						
<b>OUTCOME 2</b>						
OUTPUT 2.1						
OUTPUT 2.2						
OUTPUT 2.3						
<b>Indicative total cost (USD)</b>						

For private sector proposal, provide an overview (diagram) of the proposed financing structure. Example of a business model.



## 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).

**WHY DO YOU NEED THIS GCF FUNDING? Is there an existing project? Is there overlap and duplication with other projects?**

## 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.

**WHAT IS YOUR EXIT STRATEGY? I.E. WHEN THE PROJECT HAS ENDED AND THE FUNDING HAS STOPPED, WHAT WILL HAPPEN TO THE PROJECT?**

## D. Supporting documents submitted (OPTIONAL)

- ☐ Map indicating the location of the project/programme
- ☐ Diagram of the theory of change

<input type="checkbox"/> Economic and financial model with key assumptions and potential stressed scenarios <input type="checkbox"/> Pre-feasibility study <input type="checkbox"/> Evaluation report of previous project <input type="checkbox"/> Results of environmental and social risk screening
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Self-awareness check boxes
Are you aware that the full <u>Funding Proposal</u> and Annexes will require these documents? Yes <input type="checkbox"/> No <input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Feasibility Study</li> <li>• Environmental and social impact assessment or environmental and social management framework</li> <li>• Stakeholder consultations at national and project level implementation including with indigenous people if relevant</li> <li>• Gender assessment and action plan</li> <li>• Operations and maintenance plan if relevant</li> <li>• Loan or grant operation manual as appropriate</li> <li>• Co-financing commitment letters</li> </ul>
Are you aware that a <u>funding proposal</u> from an accredited entity without a signed AMA will be reviewed but not sent to the Board for consideration? Yes <input type="checkbox"/> No <input type="checkbox"/>

## E. Monitoring and evaluation

Results logical framework						
Outcome	Output	SMART Indicators	Baseline	Target	Verification	Assumptions
Outcome 1	Output 1.1					
	Output 1.2					
	Output 1.3					
Outcome 2	Output 2.1					
	Output 2.2					
	Output 2.3					

## F. Risk Management

Thematic areas	IDENTIFY THE RISK	RANKING OF RISKS (High, Medium or Low)	HOW TO OVERCOME THESE RISKS?
i. Policy/regulatory (buy in from policymakers, stability, governance):			
ii. Institutional (appetite for implementation, absorptive capacity, institutional memory loss):			

iii. Technical (project delivery and future changing climate risk, MRV risk)			
iv. Knowledge / Information (baseline inventory, data availability and accuracy)			
v. Financial (fiscal, interest rate, exchange rate, risk-return profile)			
vi. Business (viable model – matching rebate, start up loans, partial loan guarantee):			
vii. Social/cultural (taboos, social acceptance):			

### Summary

- The GCF proposal approval process and steps to develop high quality and competitive concept notes and funding proposals for meeting CF requirements e.g. using GCF as the example are described.
- The basic knowledge and skills presented will also help the EEs in the public, private and CSO sectors to develop high quality concept notes with strong exit strategy to access national and international climate finance and not just for GCF.
- The Theory of Change approach are explained and how to complete the CN template.

## Chapter 10: No-objection procedures to appraise and approve concept note and funding proposal

This chapter elaborates on the steps and processes of the no-objection procedures to appraise and approve concept notes and funding proposals to access and utilize CF based on international lessons learned and according to the GCF guidelines. The procedures were based on consultation conducted in April and June/July 2019 with key members of the GSSD and the GCF Appraisal Panel<sup>22</sup> who have been instrumental and active in decision-making processes to access and utilize climate finance in Cambodia. Other members and private sector and CSO stakeholders were also invited to contribute to the discussion to provide a balance perspective on the development in Cambodia.

### 10.1 No-objection procedure based on the GCF Guidelines

#### I. Purpose

The purpose of the no-objection procedure is to ensure consistency with national development agenda as well as with climate related strategies, plans and country-driven approaches, and to provide for effective public and private sector financing (both direct and indirect) by the GCF. No-objection is a condition for approval of all funding proposals submitted to the Fund. It should be provided to the GCF in conjunction with any submission of a funding proposal seeking the GCF funding. In the case of applications for accreditation by sub-national, national and regional IEs and intermediaries, the NDA/focal point will facilitate the communication of these applications to the Fund.

#### II. Communication of no-objection to funding proposals

Before communicating their no objection, each country will decide on its own nationally appropriate process for ascertaining no objection to funding proposals according to the country's circumstances, capacities and existing processes and institutions. To enhance transparency and consistency with the Governing Instrument, each proposal by an EE, DAE or IAE will provide a full description of how the country ownership was conducted, if not satisfactory, the Board may reject it.

The NDA/focal point (DCC) will communicate their no objection to the Secretariat in conjunction with every submission for approval of a funding proposal by an EE, DAE or IAE. The no-objection letter will be signed by the official representative of the NDA/focal point that has been registered with the Secretariat (MOE). The Secretariat will formally acknowledge the receipt of the no objection letter to the NDA/focal point and respective IE or intermediary.

In cases where funding proposals are submitted without being accompanied by a no objection letter, the Secretariat will inform the NDA/focal point that the proposal will not be processed for Board consideration unless the NDA/focal point provides its no-objection. The NDA/focal point shall provide its no-objection within 30 days of receiving this information. After 30 days, the proposal will be suspended, and the Secretariat will notify the EE, DAE or IAE.

The communication of no objection by the NDA/focal point in line with the provisions of this procedure will imply that:

- a) The government has no-objection to the funding proposal;
- b) The submitted funding proposal is in conformity with the country's national priorities, strategies and plans, and that consistency was pursued; and

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<sup>22</sup> First training was conducted on the 5 July 2019 in Phnom Penh, Cambodia

- c) The submitted funding proposal is in conformity with the relevant national laws and regulations, in accordance with the Fund's environmental and social safeguards.

In order to enhance transparency, all no objection communication will be made publicly available on the Fund's website. The NDAs/focal points are also encouraged to make publicly available their communications of no objection shortly after being issued, where possible and as applicable (possibly at the DCC website).

Where funding proposals relate to a programme, the no-objection will apply to all projects or activities to be implemented within the approved framework.

### **III. Dissemination of the no-objection procedure**

The no objection procedure will be made available by the GCF Secretariat on the Fund's website and in printed material where it will be explained in a user-friendly manner. Translations into other languages will be made where possible.

Upon request, the Secretariat will assist the NDA/focal points in the understanding of the no-objection procedure upon request.

The NDAs/focal points are encouraged to disseminate this procedure in their countries as appropriate and through their own websites and communication channels, especially in local languages.

### **IV. Review of the no-objection procedure**

This no-objection procedure may be revised on the basis of evolving needs and experience gained in its implementation.

## **10.2 Cambodia's No-objection Procedures**

The no-objection procedures to appraise and approve concept note (CN) and funding proposal (FP) are presented in Figure 14 and 15, respectively. The stages for the NOL procedures are explained in detail in Table 7 and these are summarized in Figure 16 to reflect the GCF project cycle. Please also refer to the Figure 9 with regards to overall institutional and financial framework to access and utilize GCF resources.

### **A. Standard Operating Procedure (SOP) for the appraisal and approval of concept note and funding proposal through the No-objection procedure in Cambodia**

The Standard Operating Procedure for the appraisal and approval of concept note and funding proposals in Cambodia are based on the following stages:

#### **Stage 0: Awareness raising on the GCF opportunities**

- The NDA runs campaign to raise awareness for public, private and CSO partners on the GCF opportunities through the NDA website, workshop, events and social media;
- EE, DAE or project proponents are encouraged to discuss with the NDA any initial project ideas they may have;
- If the ideas are deemed as 'promising with no overlaps', then the NDA will encourage the project proponent to develop the concept note using the Cambodia CN template as presented in Section 8.2;
- The DAE, IAE and EE will need to sign an agreement with the NDA prior to the issuance of No-objection letter to consent that: i) All subsequent amendments to the CN and FP must be made know to the NDA via the DCC; ii) the DCC staff will be represented at the GCF Project Steering committee; and ii) that all progress reports must be submitted to the NDA via the DCC.

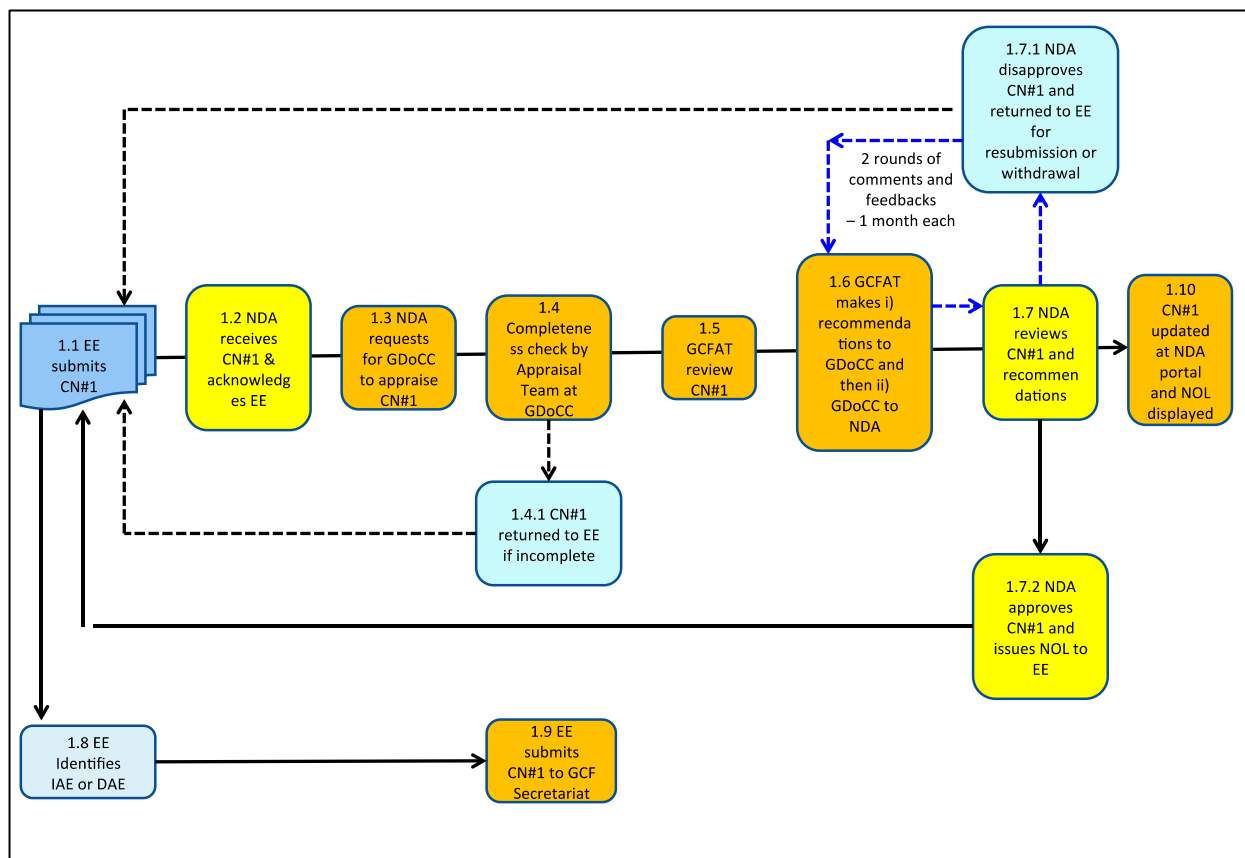
## Stage 1: Concept note development and submission

- 1.1 EE or project proponents prepare the project concept note<sup>23</sup> and submit to the NDA through the DCC via email or onto the DCC's online portal (to be developed). This includes identifying the IAE partner in the project/ programme. This is a mandatory step that is highly recommended by the NDA. EE is encouraged to discuss the CN with line ministries and get a letter of support to ensure that the line ministry is aware of the CN and will lend their support;
- 1.2 The NDA receives the CN from EE, DAE or IAE;
- 1.3 The NDA requests for the DCC within the GSSD to acknowledge receipt of CN, assigns a code and review the CN;
- 1.4 Appraisal team at the DCC conducts completeness check of the CN to make sure all parts are correctly filled in and the information provided are clear;
  - 1.4.1 If the CN is incomplete, the CN will be returned to EE, DAE or IAE and request for correction/amendment;
- 1.5 If the CN is complete, then the DCC will request for the GCFAP members<sup>24</sup> to appraise the CN using the Appraisal template form in Section 10.4. Once the DCC online portal comes alive, the DCC will automatically send the CN to the inbox of the relevant sector experts of the GCFAP members and given 30 days to review and provide recommendation;
- 1.6 The GCFAP make recommendations to the NDA via the DCC through email or via the online portal system;
- 1.7 The NDA reviews the CN and the GCFAP's recommendations;
  - 1.7.1 If the CN is incomplete or not approved, then the NDA will inform the EE/DAE and EE may decide whether to re-submit or withdraw the CN. Each CN will be limited to 2 rounds of review with 1 month per review and feedback; and
  - 1.7.2 If the CN is approved then NDA will provide a No-objection letter for the CN to the EE or project proponent.
- 1.8 EE with support of the DCC identifies the DAE/IAE as implementing partner to work with in case this has not been done earlier on;
- 1.9 The DAE/IAE in partnership with the EE submits CN to the GCF Secretariat to get initial feedback on the CN with notification to the NDA;
- 1.10 The NDA updates and display NOL at the DCC portal (future option); and
- 1.11 If the CN is well received by the GCF, then the GCF will encourage the DAE/IAE to prepare for a full GCF funding proposal as part of Stage 2 using the GCF template available at the GCF website. The DAE has the option to apply for Proposal Preparation Facility (PPF) capped at USD 1.5 million per project (this applies for DAE only).

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<sup>23</sup> EEs and project proponents will be trained on how to complete the CN template on the 25 June 2019 in Cambodia.

<sup>24</sup> GCFAP members have been trained on how to design high quality CN and on how to appraise the CN template on the 5 July 2019 in Phnom Penh, Cambodia.



**Figure 14: No-objection procedures for the appraisal and approval of concept note.**

### Stage 2: Funding proposal development and submission

- 2.1 The DAE/IAE in partnership with EE prepares the full GCF funding proposal and the DAE/IAE submits the FP to the NDA;
- 2.2 The NDA receives the FP from the DAE/IAE;
- 2.3 The NDA requests for the DCC to acknowledge the receipt of the FP, assigns a code and review the FP;
- 2.4 Appraisal team at the DCC conducts a completeness check to make sure all parts are correctly filled, and information provided are clear;
  - 2.4.1 If the FP is incomplete, then the DCC will return the FP to the DAE/IAE and request for correction/amendment.
- 2.5 If FP is complete, the DCC requests for the GCFAP members to appraise the FP;
- 2.6 The GCFAP made recommendations to the NDA via the DCC;
- 2.7 The NDA reviews the FP and the GCFAP's recommendations;
  - 2.7.1 If the FP is incomplete or disapproved, then NDA will inform the DAE/IEA and they may decide whether to re-submit or to withdraw the FP (limited to 2 rounds of review, 1 month per round); and
  - 2.7.2 If the FP is approved, then NDA will issue a NOL for the FP to the DAE/IAE.
- 2.8 The DAE/IAE submits FP to the GCF with the NOL and all supporting documents
- 2.9 The NDA update and display NOL for FP at the DCC website portal (future option)

### Stage 3: The GCF Approval

- 3.1 The GCF Secretariat evaluates the FP with the support from the Independent Technical Appraisal Panel (ITAP)



- 3.2 The GCF Secretariat make recommendation on the FP to the GCF Board
- 3.3 The GCF Board evaluate the FP at the Board meeting and make decision
- 3.4 The GCF Board either fully approve, make conditional approval with amendments/corrections or total rejection of the FP
- 3.5 The GCF Secretariat inform the DAE/IAE and the NDA of the decision

#### Stage 4: Signature of AMA (Accreditation Master Agreement)

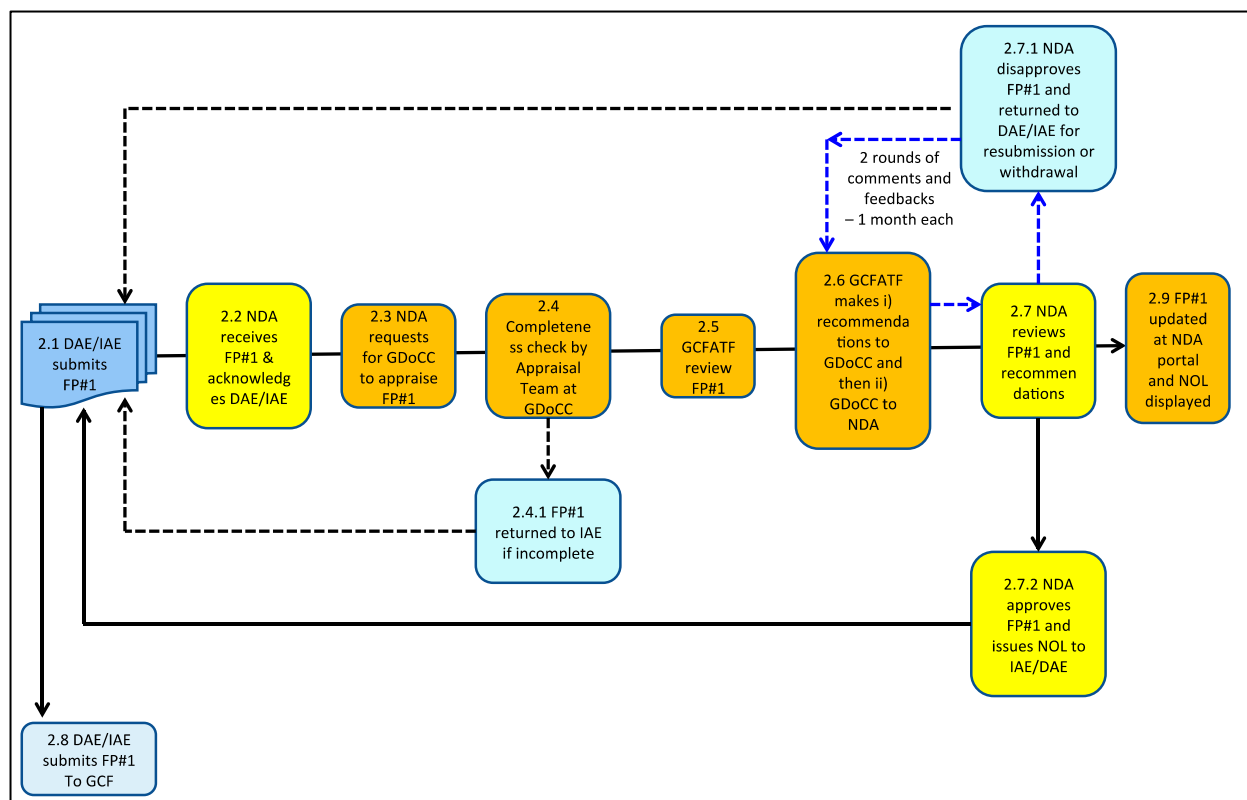
- 4.1 If the FP is approved, then the GCF Secretariat will make arrangement with the NDA to sign an AMA agreement

#### Stage 5: Implement, Monitor and Evaluate the GCF project

- 5.1 EE will implement and monitor project against the results logical framework and conduct midterm and terminal evaluation according to M and E plan as proposed in the FP and in Chapter 11
- 5.2 EE to submit annual report to the IAE/DAE and IAE/DAE to make annual report to the NDA and the GCF Secretariat

#### Stage 6: Project audit and closure

- 6.1 Once the project has been completed, EE and the DAE/IAE will make the terminal evaluation and close the project after the project has been audited
- 6.2 Knowledge and communication products and services and platform will be developed as exit strategy from lessons learned and best practices for knowledge sharing and co-learning

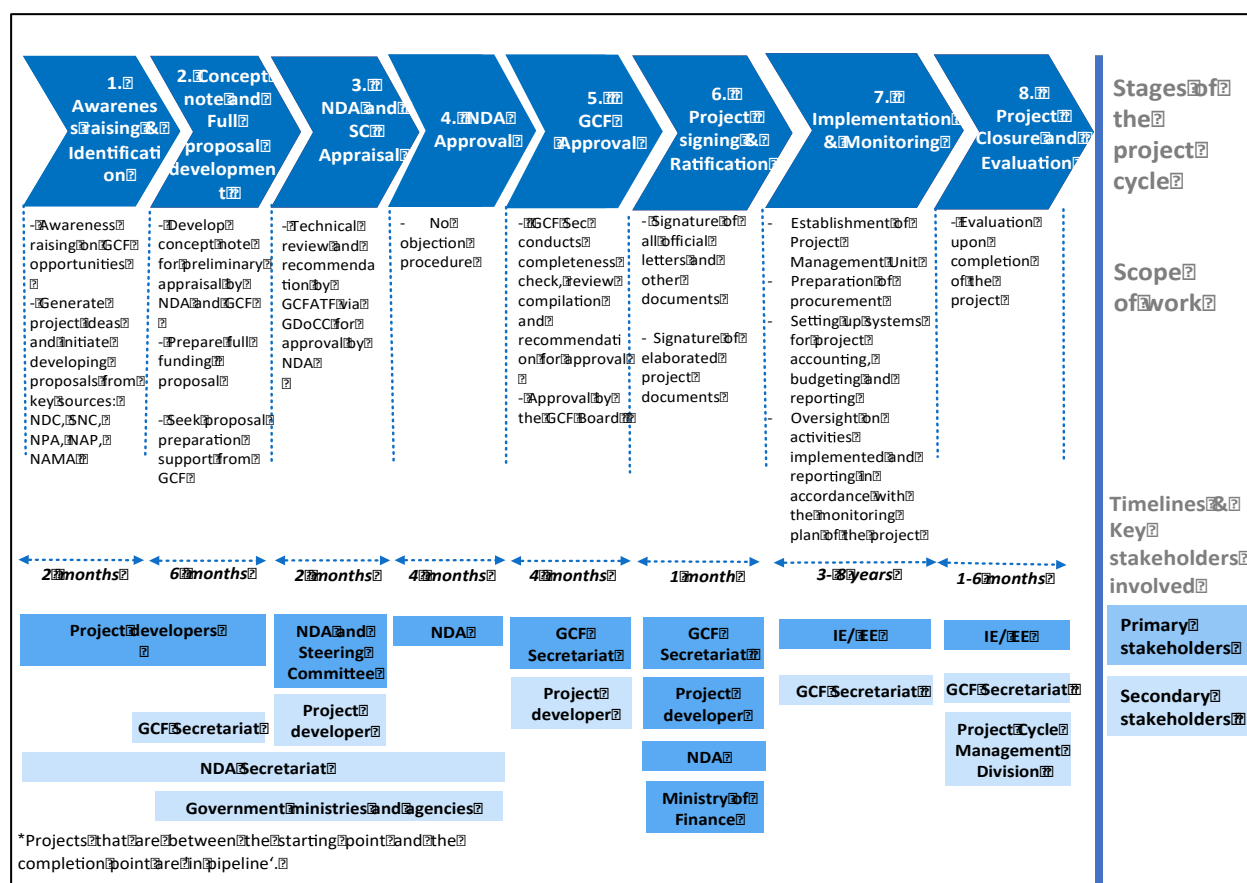


**Figure 15: No-objection procedures for the appraisal and approval of funding proposal.**

**Table 7: NOL procedures for the appraisal of concept note and funding proposal. The stages refer to Figure 14 and 15.**

Stage	Activities	Responsible	Template or documents
<b>Stage 0: The NDA via the DCC raises awareness on the GCF opportunities through the NDA website, workshop, events, and social media.</b>	The NDA via the DCC runs campaign to raise awareness for public, private and CSO partners on the GCF opportunities through the NDA website, workshop, events and social media.	The NDA/DCC could use the topics in this OM to develop individual marketing leaflet	Marketing leaflet on the GCF opportunities
Preliminary discussion with NDA on initial project ideas and CN.	EEs or project proponents are encouraged to discuss with the NDA/DCC any potential project ideas they may have.		
<b>Stage 1: Concept note development to assess whether a project is worth progressing and well align with national and GCF requirements (mandatory and highly recommended by the NDA). Please refer to Figure 14.</b>	1.1 Completion and submission of project concept note to the NDA including defining the role of the DAE/IAE	EE and project proponents	Project Concept Note template in Section 9.2
	1.2 The NDA acknowledges receipt of CN and assigns a code for CN	NDA	
	1.3 The NDA request for the DCC to review CN	NDA via DCC	
	1.3.1 Appraisal team at the DCC conducts completeness check - CN returned to EE if the CN is incomplete - If complete the DCC requests the GCFAP to appraise the CN	DCC	Completeness Check List and CN Appraisal template in Section 10.4
	1.4 The GCFAP make recommendations to NDA via DCC	GCFAP	
	1.5 The NDA reviews CN and recommendations - if not approved the CN is returned to EE and EE may decide to resubmit or withdraw the CN - If approved then the NDA issues NOL to EE	NDA	
	1.6 EE identifies the DAE/IAE to work with, if this has not been identified earlier on	EE	
	1.7 The DAE/IAE submits the CN to the GCF to get initial feedback with notification to the NDA	EE, IAE, DAE	
	1.8 The NDA updates and display NOL at the DCC portal	DCC	
	1.9 If the GCF favours the CN then the DAE may seek funding from Proposal Preparation Facility (PPF) and executes the assignment	GCF and DAE	
<b>Stage 2: Funding Proposal development to determine whether the project design is complete and is likely to succeed – technical and financial due diligence (Mandatory). Please refer to Figure 15.</b>	2.1 Funding proposal is submitted to the NDA by the DAE/IAE	DAE/IAE	Funding Proposal Template available at the GCF website
	2.2 The NDA receives the FP from the DAE/IAE	NDA	
	2.3 The NDA requests for the DCC to acknowledges receipt of FP,	NDA via DCC	

	assigns a code and review the FP		
	2.3.1 Appraisal team at the DCC conduct completeness check	DCC	
	2.3.2 FP returned to the DAE/IAE if FP is incomplete	DCC	
	2.4 The DCC requests for the GCFAP to appraise the FP	DCC and GCFAP	
	2.5 The GCFAP made recommendations to the NDA via the DCC	GCFAP	Endorsement Letter
	2.6 The NDA reviews FP and the GCFAP's recommendations	NDA	
	2.7.1 The NDA disapproves and returns FP to the DAE/IAE and may decide whether to resubmit or to withdraw FP	NDA and DAE/IAE	
	2.7.2 The NDA approves FP and issues NOL to the DAE/IAE	NDA	No Objection Letter
	2.8 The DAE/IAE submits FP to the GCF with all supporting documents	DAE/IAE	
	2.9 The NDA/DCC update and display NOL for FP at the DCC portal	NDA	
<b>Stage 3: GCF Approval</b>	3.1 The GCF Secretariat evaluates FP with support from the ITAP	GCF and ITAP	
<b>Stage 4: AMA signed</b>	4.1 The NDA signs AMA with the GCF	NDA and GCF	
<b>Stage 5: Implement and MRV Post submission of FP</b>	5.1 EE implements the project and the IAE/DAE monitors the project and conduct midterm and terminal evaluation according to M and E plan		
<b>Stage 6: Audit and Close project</b>	6.1 EE and the IAE/DAE close project after the project has been audited		
	6.2 The DAE develops knowledge and communication products and services and platform as exit strategy based on lessons learned and best practices		



**Figure 16: Summary of No-objection procedure and the GCF project cycle for Cambodia with proposed timelines**

### 10.3 Decision making tools to prioritize concept note and funding proposal

Making informed and evidence-based decision to prioritize proposals could be based on following methods:

#### A. Cost Benefit Analysis (CBA):

- Assessment of costs and benefits expressed in monetary values, with one main objective, e.g. financial efficiency. For example, Financial Internal Rate of Return (FIRR) could be used as an indicator to compare options across sectors.

#### B. Cost Effectiveness Analysis (CEA):

- Costs are valued in monetary terms, and benefits quantified in 'physical' units.
- For social impact investors, Economic Internal Rate of Return (EIRR) could be used, e.g. number of green jobs created, improvement in health and education.
- Costing of different options that achieve the same objective, producing a ranking in terms of cost.
- Allows for cases with multiple objectives or criteria, but only if quantifiable.

#### C. Multi-Criteria Analysis (MCA):

- Ranking of alternative options by a number of priority criteria (Table 8), where important benefits cannot be quantified and valued, e.g. preserving biodiversity.

- Allows combining financial/economic criteria with technical, environmental and social ones. MCA can complement CBA or CEA.
- Data availability will appear to be a major determinant of the method to be used. In practice, political decisions will probably determine selection and prioritization.

Table 8: Potential criteria for selection proposals.	
Country priorities	Funder priorities
<ul style="list-style-type: none"> <li>• Site-specific context (e.g. urgency, social acceptance)</li> <li>• High-level political support and / or local priorities</li> <li>• Objectives set for mitigation or adaptation planning (e.g. poverty reduction or emission reductions)</li> <li>• <u>Potential for transformational change beyond the one-off project</u></li> <li>• Development priorities and benefits</li> <li>• Cost-effectiveness</li> <li>• Environmental impacts</li> <li>• Ease of implementation</li> <li>• Stakeholder support</li> <li>• Attractiveness to funders</li> </ul>	<ul style="list-style-type: none"> <li>• Robust MRV or M and E systems</li> <li>• Potential for transformational change</li> <li>• Embedded in national policy</li> <li>• Share of national co-funding</li> <li>• Private sector leverage</li> <li>• Institutional capacities and appetite for implementation of implementing entities</li> <li>• Scalability and replicability</li> <li>• Degree of innovation</li> </ul>

#### 10.4 Template to appraise concept note and funding proposal by the GCFAP members

The GCFAP members will use this template to appraise the concept note to be submitted by EEs or project proponents based on the CN template presented in Section 9.2 above. Periodic training will be organized by the NDA for the DCC experts, the GSSD and the GCFAP<sup>25</sup> members on how to use this appraise template.

<sup>25</sup> First training was conducted on the 5 July 2019 in Phnom Penh, Cambodia



## GCF Appraisal Panel Proposal Appraisal Form

NDA Project No <i>[completed by NDA]</i>
National Development code/Project No <i>[obtain from MEF]</i>
Donor/MEF file No <i>[obtain from MEF]</i>

<b>Project title</b>				
<b>Project Proponent (DAE)</b>				
<b>IAE</b>				
<b>Date of submission</b>				
<b>Confirmation of receiving the concept</b>				
<b>Criteria</b>	<b>Guiding questions</b>	<b>Refer to the GCF CN Template</b>	<b>Proceed</b>	<b>Comments</b>
<b>1. Project rationale</b>	1.1 Does the project have a satisfactory rationale?	A.19 and B.1. Project description Project rationale – problem and solutions	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	1.2 Has the primary problem and need for the project been identified and justified?		Yes <input type="checkbox"/> No <input type="checkbox"/>	
	1.3 Is there sufficient evidence to support this, e.g. survey, report?		Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>2. Project objective against the baseline</b>	2.1 Has the objective of the project been clearly defined?	B.2. Project objective against the baseline  Gender and social inclusion considerations	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	2.2 For climate change projects, has an emissions/vulnerability baseline scenario been identified?			
	2.3 Is the project likely to improve the baseline scenario?			
<b>3. Policy coherence and alignment (national priorities, country ownership, national support)</b>	3.1 Does the project align with, advance, and/or directly link activities to national priorities, strategies, and/or policy objectives, i.e. NSDP, Climate Change policy, and/or other policies, plans and strategies e.g. sectoral plans, corporate plans or sub-national plans?	B.3 GCF Investment criteria: 5. Country ownership e.g. Policy coherence and alignment	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	3.2 Is it consistent with the NDC, NAMA or the NAP? Does the project assist with meeting targets for mitigation and/or adaptation?			
	3.3 Is national support sufficiently evidenced, e.g. letter of support from national counterpart(s) (i.e. line			

	ministry and department, provincial counterpart, and/or other community-based institutions)?			
<b>4. Implementing/ executing entity background/ justification</b>	<p>4.1 Do the implementing and executing entities have sufficient/suitable capacity and technical expertise in relation to the project scope and its components?</p> <p>4.2 Do they have track record / previous experience / credibility in similar work? Have they sufficiently justified this?</p> <p>4.3 Do they have sufficient knowledge, skills and staffing to implement the project?</p>	<p>Front page of template</p> <p>Implementing / executing entity background / justification</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>5. Risk management strategies</b>	5.1. Have the risks and methods to address these been identified and justified? e.g. financial, technical and operational, environmental and social, political, and other risks etc. See the project's risk assessment.	<p>F. Risk management and Annex 1 of the GCF CN template</p> <p>Project risk factors, mitigation measures, and assessment tool</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>6. Consultation and multi-stakeholder engagement</b>	6.1. Has the project undertaken sufficient consultation by taking into consideration and involving all relevant stakeholders (including donors, private sector, provinces, local communities, and civil society)?	C.4 Stakeholder engagement and consultation	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>7. Potential overlaps / duplication, to be resolved (and suitability of location)</b>	<p>7.1. Is the project duplicating existing work?</p> <p>7.2. Is it proposed that the project be implemented in an area that has already been supported by another project with same/similar activities?</p>	C.2 on Justification	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>8. Technical feasibility / evaluation</b>	<p>8.1. Is the project considered to be technically feasible? Are the inputs (e.g. labour, materials, transport etc.) to the project activities likely to produce the project outputs?</p> <p>8.2. If the project involves a technological solution, has it been justified why it is most appropriate for the project?</p>	<p>B.1 Problem and Solutions identified</p> <p>B.3 and C.3 on Technical sustainability/ evaluation</p> <p>C.5 on Project risk factors, mitigation measures, and assessment tool</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>9. Economic and financial viability</b>	9.1. Is the project considered to be economically and financially feasible? Is there sufficient funding for all of the project inputs / components and activities?	C.5 GCF Investment criteria and C.1 Project budget summary and Project component costs	Yes <input type="checkbox"/> No <input type="checkbox"/>	

	9.2. Has an economic and/or financial analysis been undertaken			
<b>10. Environmental and social considerations</b>	<p>10.1. Have potential environmental risks been considered and will there be sufficient environmental safeguards?</p> <p>10.2. Have potential social risks been considered and will there be sufficient social safeguards?</p>	<p>Annex 1 of GCF CN: ESS safeguards - Environmental and social considerations</p> <p>Annex 1 of GCF CN: Project risk factors, mitigation measures, and assessment tool</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>11. Gender and social inclusion considerations</b>	11.1. Has gender, disability, indigenous concerns, women, youth, children and vulnerable groups been adequately considered in the project?	C.5 on Impact potential and Needs of the recipient e.g. Number of people impacted/affected Gender and social inclusion considerations	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>12. Monitoring, reporting and evaluation</b>	<p>12.1. Is the monitoring, reporting and evaluation process sufficiently outlined?</p> <p>12.2. Is there are a satisfactory logical framework/theory of change?</p>	D. Monitoring, reporting and evaluation and Logical framework with SMART indicators	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>13. Sustainability measures</b>	<p>13.1. Is there an exit strategy and evidence that the project activities can be maintained after project funding?</p> <p>13.2. Have the maintenance and cost implications for the Government been sufficiently outlined?</p>	B.3 Paradigm shift potential and C.3 Exit strategy and scaling up and replication and sustainability measures	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>14. Impact Potential [for GCF projects only]</b>	<p>14.1. Mitigation: Does the project contribute to a shift to low-emission sustainable development pathways e.g. CO<sub>2</sub>e reduced due to the project, and/or cost effectiveness, i.e. total project cost compared to CO<sub>2</sub>e reduced</p> <p>14.2. Adaptation: contribution to increased climate-resilient sustainable development, e.g. number of direct/indirect beneficiaries, and/or beneficiaries relative to total population, total area benefited.</p>	B.3 Impact potential - performance against the investment criteria	Yes <input type="checkbox"/> No <input type="checkbox"/>	



<b>15. Paradigm shift potential [for GCF projects only]</b>	15.1. Does the project have the potential to catalyse impact in the long term, and beyond the scope of the proposed project (potential for scaling-up and replication of the project, knowledge and learning, contribution to regulatory frameworks, policies and public planning, mobilisation of other actors, market development and transformation)?	B.3 Paradigm shift - Expected performance against the investment criteria	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>16. Sustainable development potential [for GCF projects only]</b>	16.1. Does the project have substantial context specific economic, social, environmental and gender-sensitive development impact co-benefits? (examples include improved public health, improved energy security and improved forest ecosystem health)	B.3 Expected performance against the investment criteria	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>17. Needs of the recipient [for GCF projects only]</b>	17.1. Does the project reduce the level of exposure to climate risks and the degree of vulnerability, and address the needs and vulnerability of the beneficiary population or sector? Has a vulnerability assessment been conducted?	B.3 Expected performance against the investment criteria	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>18. Country ownership [for GCF projects only]</b>	18.1. Is there evidence of country ownership, coherence with existing policies, capacity to implement the project and engagement with relevant stakeholders?	B. 3 Expected performance against the investment criteria	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>19. Efficiency and effectiveness [for GCF projects only]</b>	19.1. Is the project economically and financially sound, taking into consideration the total funding requested, financing already or expected to be secured, any potential revenues and in-kind contributions?	B.3 Expected performance against the investment criteria	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>20. Status of Allocation [for GCF Readiness Support only, see next page]</b>	20.1. What is the status of the Cambodia country allocation? Are there sufficient funds under the Readiness Allocation for the year which the project is seeking implementation?	A. Check with NDA, Expected performance against the investment criteria	Yes <input type="checkbox"/> No <input type="checkbox"/>	

	Refer to Cambodia GCF Country Programme			
<b>21. Conclusion / comments</b>				
<b>22. GCF Advisory Task Force Appraisal Member</b>	<div> Recommended <input type="checkbox"/> Recommended with Amendments <input type="checkbox"/> </div> <div> Not recommended <input type="checkbox"/> </div> <div> Name: Signature: Date: </div>			

**Summary**

- To generate strong buy in and inclusive ownership, key stakeholders at the consultation workshop in April 2019 have contributed in the development of the SOP for the no-objection procedure to appraise and approve CNs and FPs as described in the flowcharts in Figures 14, 15, and 16 involving the various stages described in Table 6.
- The NOL procedure will allow the NDA with the support of the GCFAP via the DCC to screen all CNs and FPs to make sure they are well aligned with national development and climate aspirations and priorities of Cambodia.
- EEs, DAEs and project proponents will be mandated to use the Cambodia CN template adapted and modified from the GCF CN template to submit their CN as presented in Section 9.2.
- The GCFAP members will use the CN appraisal template in Section 10.4 to appraise the CN and make recommendation to the NDA via the DCC.

# Chapter 11: Monitoring and Evaluation of CF projects/programmes implementation

This chapter describes how the GCF funded project/programme will be monitored and evaluated according to the M and E plan proposed in the GCF proposals. The EE and DAE/IAE will work closely in ensuring that all the activities are implemented according to the work plan, timelines and budget to deliver on all the outputs as proposed in the results logical framework as shown in Table 9. Adaptive management will need to be applied to ensure that all proactive actions are taken to address and overcome the risks and problems encountered in the implementation of the project/programme. The risk analysis and mitigation strategies proposed in project document will serve as a guide. As mentioned in Section 10.1, the DAE and IAE will need to sign an agreement with the NDA prior to the issuance of No-objection letter to ensure that: i) the DCC staff will be represented at the GCF Project Steering committee and ii) that all progress reports will be submitted to the NDA via the DCC.

**Mid-term Review:** An independent Mid-Term Review will be carried out at the middle of the project. The mid-term review will be an important milestone of the project and will be guided by the GCF evaluation criteria on relevance, validity of design, performance (effectiveness, efficiency and timeliness), efficiency, sustainability and impact orientation (Figure 17). The review will also pin-point issues requiring decisions and actions, restructuring needs and lessons learned on the project design, implementation and management. The MTR findings and recommendation will be disseminated to stakeholders. Furthermore, a management response to the mid-term review recommendations together with a plan for implementing the required changes will be developed and its implementation status tracked. The Terms of Reference for the MTR will be prepared by the DAE or the IAE in consultation with the executing agencies and the funding agency (GCF). Recruitment of the consultant to carry out the MTR will be in accordance with the DAE or the IAE procurement policies/regulations.

**Final Evaluation:** An independent end of project evaluation will take place three (3) months prior to the project closing date. This evaluation will focus on the same issues as the Mid Term Review. However, it will also examine indications of impact and sustainability of results, including the contribution to achievement of the overall project objective. In addition to lessons learnt, the final evaluation will also provide recommendations for follow-up activities and other relevant management, strategic and/or policy actions. Management response to issues raised in the end of project evaluation will be prepared by the Project Manager of the EE. Review of the quality of the evaluation report will be done by Project Management Unit (PMU) in consultation with implementing and executing agencies, after which the report will be submitted to the Project Steering Committee for further review and comments. The final report will eventually be submitted to the GCF. Lessons learned will be captured and developed into knowledge and communication products and services for co-learning and South-South exchange.

Table 9: Results logical framework						
Outcome	Output	SMART Indicators	Baseline	Target	Verification	Assumptions
Outcome 1	Output 1.1					
	Output 1.2					
	Output 1.3					
Outcome 2	Output 2.1					
	Output 2.2					
	Output 2.3					

Mid-term evaluation						
Final Evaluation						

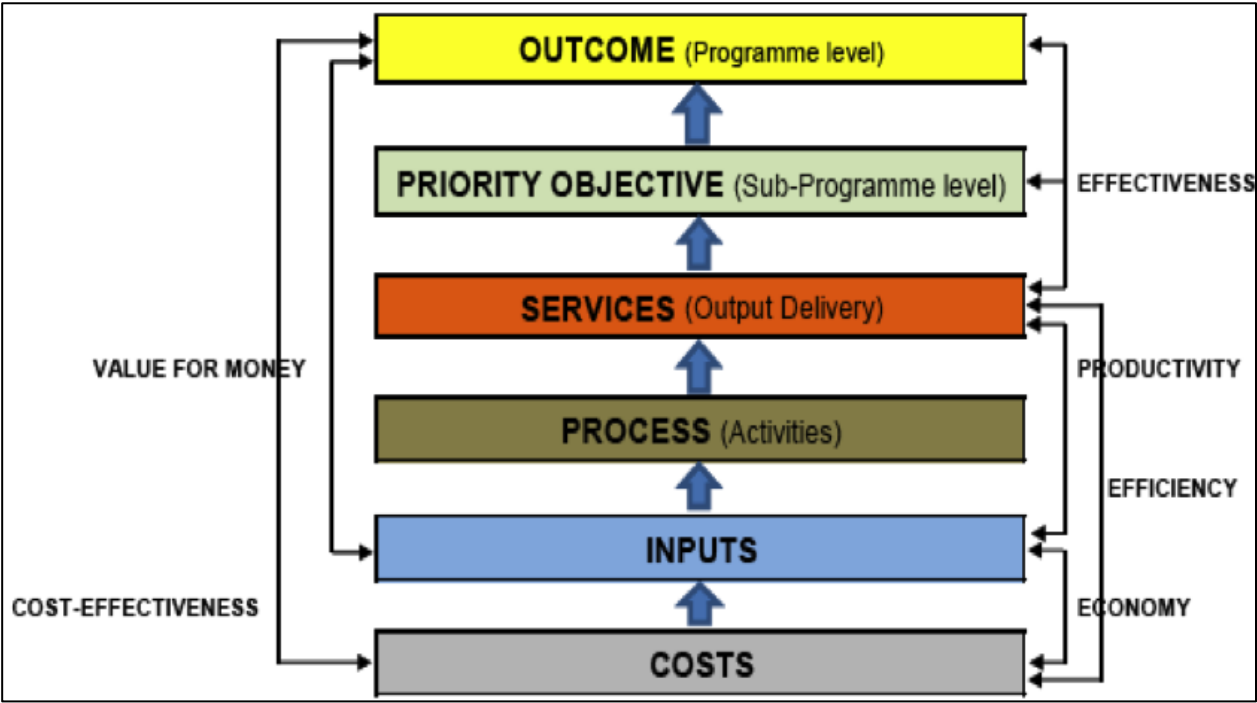


Figure 17: Framework for conducting mid-term and final review of the project

## Annexes

### Annex 1: Glossary of key terms<sup>26</sup>

**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, 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.

**Adaptation Planning:** The identification of adaptation priorities and development of strategies and programmes to address these priorities in a continuous, dynamic and iterative process. The GCF support for adaptation planning processes may have a national, sub-national and/or sectoral focus, and could contribute to an integrated national vision for climate resilience.

**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 organizations loan, grant and co-finance.

**Country Programme:** A GCF Country Programme is a living document that presents a country's climate change priorities with the GCF, including a pipeline of projects that the country would like to develop with the Fund. It provides an action plan that details how projects and programmes are to be developed, the type of entity to partner with, and the readiness and project preparation support needs required.

**Delivery Partners:** Institutions selected by the National Designated Authority (NDA) or focal point to implement activities approved under the Readiness and Preparatory Support Programme. Delivery partners provide services such as: development of readiness request proposals; implementation and supervision; fiduciary management; progress reporting; and project completion and evaluation. Delivery partners may be AEs or other institutions assessed to meet the financial management capacities requirements of the Fund.

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

**Direct Access Entities:** Institutions that apply for accreditation through the direct access modality. They are regional, national and sub-national institutions that are required to provide evidence of a nomination from a NDA or focal point with their application documents. Entities that are accredited under the direct access modality, or wish to be accredited, may be eligible to

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<sup>26</sup>Partly extracted from the guidelines for NDAs or focal points available at Annex XIII of GCF/B.08/45.

receive support under the Readiness Programme at the request of its NDA or focal point.

**Executive Entities:** Institutions (public, private and NGO partners) with proven track record that will receive the funding to implement and monitor the project or programme.

**Expression of Interest:** A letter issued by the National Designated Authority to an accredited entity towards preparation of concept note for the GCF (An option that could be adopted by NDA).

**Environmental and Social Safeguards:** A set of criteria that aims to address key environmental and social risks in the implementation of activities to be funded by the GCF. The Fund has adopted interim ESS while it develops a comprehensive environmental and social management system (ESMS). Measures undertaken to prevent and mitigate possible undue harm of the GCF funded projects/programmes to people and environment.

**Executing Entity:** An institution responsible for the execution of projects/programmes funded by the GCF.

**Fiduciary Standards:** Refers to the basic and specialized fiduciary requirements of the GCF that accredited entities and readiness partners need to comply with depending on the nature of the activities funded by the GCF. The Fund's initial fiduciary standards are set out in Annex II of GCF/B.07/11.

**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

**Gender Policy:** The Fund's Gender policy (see Annex 5) aims to ensure the GCF will efficiently contribute to gender equality and will, in turn, achieve greater and more sustainable climate change results. The gender policy is applied to all the Fund's activities, whether implemented by international, regional, national or subnational, public or private entities or institutions that access GF's resources.

**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 the UNFCCC.

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

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

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

**Nationally Appropriate Mitigation Action:** UNFCCC established the nationally appropriate mitigation action (NAMA) process to facilitate mitigation planning in least developed countries (LDCs) and other developing countries.

**National Adaptation Plan (NAP):** The UNFCCC established the national adaptation plan (NAP) process to facilitate adaptation planning in least developed countries (LDCs) and other developing countries.

**National Designated Authorities or focal points:** NDAs are government institutions that serve as the interface between each country and the Fund. They provide broad strategic oversight of the

GCF's activities in the country and communicate the country's priorities for financing low-emission and climate-resilient development.

**Nationally Determined Contributions:** NDCs are the primary means for governments to communicate internationally the steps they will take to address climate change in their own countries. NDCs reflect each country's ambition for reducing emissions, taking into account its domestic circumstances and capabilities. Some countries also address how they'll adapt to climate change impacts, and what support they need from, or will provide to, other countries to adopt low-carbon pathways and to build climate resilience.

**Nomination Letter:** A letter given by National Designated Authorities or focal point to aspirant entities seeking the 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 degrees 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 4<sup>th</sup> November 2016. Cambodia has signed and ratified this Agreement on 22 April 2016

**United Nations Framework Convention on Climate Change (UNFCCC):** 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.



Annex 2: Potential mitigation measures based on NDC Roadmap, CDM and JCM projects

**Mitigation priorities:** The NCSD will be expected to coordinate mitigation actions across different sectors and stakeholders. As indicated below, there is strong progress in terms of mitigation action implementation, but there is the need to streamline and integrate them. Key activities identified include: assessment of the current actions, identification of new actions, barriers and needs assessment, policy appraisal, and summary and integration.

**Assessment:** Identification of existing actions (projects, mechanisms, etc.), including quantification of actual or expected impacts. In the absence of an integrated MRV system, at the moment, the activities are still a combination of actions, policies and projects that have been collated as part of the NDC assessment and BUR development. More rigour will be expected once the MRV system will be in place, to the extent possible in time for the next submission.

A summary of the actions in the NDC, along with the expected reduction as Gg CO2eq and % in the year 2030 compared to the baseline, including alignment with the CCAP actions and evidence of progress is presented below.

Table 10: Mitigation potentials, alignment with CCAPs and progress

Sector	Priority actions	GHG Red <sup>27</sup>	CCAP actions and Ministry	Evidence of progress
Energy Ind.	Grid connected renewable energy generation (solar energy, hydropower, biomass and biogas) and connecting decentralised renewable generation to the grid.	1,800 (16%)	<b>MME</b> <ul style="list-style-type: none"><li>• <b>Development of a compendium of renewable energy technology for the industrial sector</b></li><li>• <b>Promote the renewable energy generation on site and co-generation for industrial sector as well as special economic zone</b></li><li>• <b>Pilot and document strategies for converting industrial waste into energy</b></li><li>• <b>Assess the potential of renewable energy applications in the industrial sector</b></li></ul>	<ul style="list-style-type: none"><li>• Regulations on General Conditions for Connecting Solar PV Generation Sources to the Electricity Supply System of National Grid (2018)</li><li>• 10MW solar parks are fully operational, 60MW are under construction,180MW planned.</li><li>• CDM and JCM projects</li></ul>
	Off-grid best-practice electricity such as solar home systems, hydro (pico, mini and micro).			<ul style="list-style-type: none"><li>• Sustainable Charcoal NAMA (2015-17)</li></ul>
	Promoting energy efficiency by end users.			<ul style="list-style-type: none"><li>• National Energy Efficiency Policy (2019)</li></ul>
Manuf. Ind.	Promoting use of renewable energy and adopting energy efficiency for garment factory, rice mills, and brick kilns.	727 (7%)	<b>MIH</b> <ul style="list-style-type: none"><li>• <b>Conduct Technology Need Assessment for GHGs emission reduction in the energy sector</b></li></ul>	<ul style="list-style-type: none"><li>• Energy Efficiency NAMA in the Garment Industry</li><li>• Cambodia Industrial Development Policy 2015 – 2025 (2018)</li><li>• Green Industry Scenario for Cambodia - Global Green Growth Institute (GGGI) (2018)</li><li>• Low Carbon Development for productivity by the GEF (tbc)</li></ul>
Transp	Promoting mass public transport.	390 (3%)		
	Improving operation and maintenance of vehicles through motor vehicle inspection and eco-driving, and the increased use of hybrid cars, electric vehicles and bicycles.		<b>MPWT</b> <ul style="list-style-type: none"><li>• <b>Enhance maintenance and inspection of vehicles</b></li></ul>	Various
Others	Promoting energy efficiency for buildings and more efficient cookstoves.	155 (1%)	<b>MIH</b> <ul style="list-style-type: none"><li>• <b>Development of best resource and energy efficiency practices for industries and SMEs</b></li></ul>	<ul style="list-style-type: none"><li>• National Energy Efficiency Policy (2019)</li></ul>

<sup>27</sup> Gg CO2eq and % in the year 2030 compared to the baseline.

Sector	Priority actions	GHG Red <sup>27</sup>	CCAP actions and Ministry	Evidence of progress
	Reducing emissions from waste through use of biodigesters and water filters.			CDM project
	Use of renewable energy for irrigation and solar lamps.			
<b>Total Savings</b>		<b>3,100 (27%)</b>		
In accordance with the National Forest Programme (2010-2029), Cambodia is striving to increase and maintain the forest cover at 60% of the total land area, from an estimate of 57% in 2010.		4.7 tCO <sub>2</sub> eq/ha/year for up to 5 million hectares	<b>MAFF</b> <ul style="list-style-type: none"> <li><b>Developing and implement regulations and mechanism on REDD+</b></li> </ul>	<ul style="list-style-type: none"> <li>REDD+ National Strategy (2017)</li> <li>Forest Reference Level submitted in 2016 and assessed by UNFCCC in 2017.</li> <li>NFMS/MRV with the activity data Land Use Maps (from 2006 to 2018) and emission factors for the forest sector.</li> <li>Projects: <ul style="list-style-type: none"> <li>Southern Cardamon REDD+ Project</li> <li>Tumring REDD+ Project</li> <li>REDD in Keo Seima Wildlife Sanctuary</li> <li>REDD in Community Forest – Oddar Meanchey, Cambodia (Defunct)</li> </ul> </li> </ul>

Source: NDC Team analysis

In parallel, Cambodia has developed a number of Clean Development Mechanism (CDM) projects, summarised below:

**Table 11: Cambodia CDM projects**

Name of CDM project activity	Type of Project	Information on technology	Registration Date	Annual emission reduction estimated (tCO <sub>2</sub> /year)	Annual emission reduction validated (tCO <sub>2</sub> /year)
Kamchay Hydroelectric BOT Project	Hydro	New reservoir	08/10/2013	281,348	370,496
Cambodia Stung Atay Hydropower Project	Hydro	New reservoir	19/12/2012	266,472	266,472
Stung Tatay Hydroelectric Project	Hydro	New reservoir	14/12/2012	563,074	563,074
Lower Stung Russei Chrum Hydro-Electric Project	Hydro	New reservoir	21/08/2012	701,199	701,199
Biogas Project at MH Bio-Ethanol Distillery, Cambodia	Biogas	Agricultural waste	16/02/2012	58,146	52,831
W2E Siang Phong Biogas Project Cambodia	Biogas	Agricultural waste	07/04/2011	26,592	27,121
Kampot Cement Waste Heat Power Generation Project (KCC-WHG)	Waste heat/gas utilization	Cement production line	17/04/2009	17,107	17,249
Methane-fired power generation plant in Samrong Thom Animal Husbandry, Cambodia	Biogas	Animal waste	03/12/2008	5,593	6,792
TTY Cambodia Biogas Project	Biogas	Agricultural waste	03/09/2008	50,036	66,402
Angkor Bio Cogen Rice Husk Power Project	Biomass	Rice Husk	10/08/2006	51,620	39,981
PoA Waste to energy using biomass gasification in South East Asia LDCs programme of activities in Cambodia	Biomass	Waste gasification	14/03/2016	549	601
PoA Water Kiosks in Cambodia – CPA 4	Small-scale water treatment stations	Water Purification	05/12/2016	7,321	-

Source: BUR (2020)

Additionally, Cambodia has signed a partnership with Japan for Joint Crediting Mechanism (JCM), and the projects are below. It is important to note, however, that verified reductions or removals from the mitigation projects including the forestry sector under the JCM can be used as a part of Japan's

internationally pledged greenhouse gases mitigation efforts and Cambodia's nationally appropriate mitigation actions.

**Table 12: Joint Crediting Mechanism (JCM) projects**

Mitigation Action	Implementing Institution	Project Status	Duration	Sectors	Expected emission reductions (tCO <sub>2</sub> per annum)	Gas Covered
Introduction of High Efficiency LED Lighting Utilizing Wireless Network	Minebea Co., Ltd. Overseas Cambodian Investment Corporation (OCIC) Siem Reap Provincial Hall APSARA	Completed	Jan 2016 – Dec 2018	Energy Sector	3,590	CO <sub>2</sub>
Introduction of Ultra-lightweight Solar Panels for Power Generation at International School Project	Asian Gateway Corporation International School of Phnom Penh	Completed	Feb 2016 – Sep 2016	Energy sector	149	CO <sub>2</sub>
Introduction of 1MW Solar Power System and High Efficiency Centrifugal Chiller in Large Shopping Mall	AEON MALL Co., Ltd. AEON MALL (CAMBODIA) CO., LTD.	Completed	Nov 2016 – May 2018	Energy sector	1,688	CO <sub>2</sub>
Energy Saving by Inverters for Distribution Pumps in Water Treatment Plant	METAWATER Co., Ltd. Phnom Penh Water Supply Authority	Completed	Apr 2016 – Aug 2018	Energy sector	407	CH <sub>4</sub>
Provincial Water Supply and Sanitation Project	ADB	Not Started	Planned: Jul 2019 – Jun 2021	Energy sector	6,371	CO <sub>2</sub>
1.5MW Solar Power Project in Kampong Thom	Asian Gateway Corporation SOMA Energy Co., Ltd.	Not Started	Not defined	Energy sector	831	CO <sub>2</sub>

*Source: BUR (2020)*

### **Annex 3: GCF Guidelines for the operation of the Fit-For-Purpose Accreditation Approach**

#### **a. Objectives and scope of the fit-for-purpose accreditation approach**

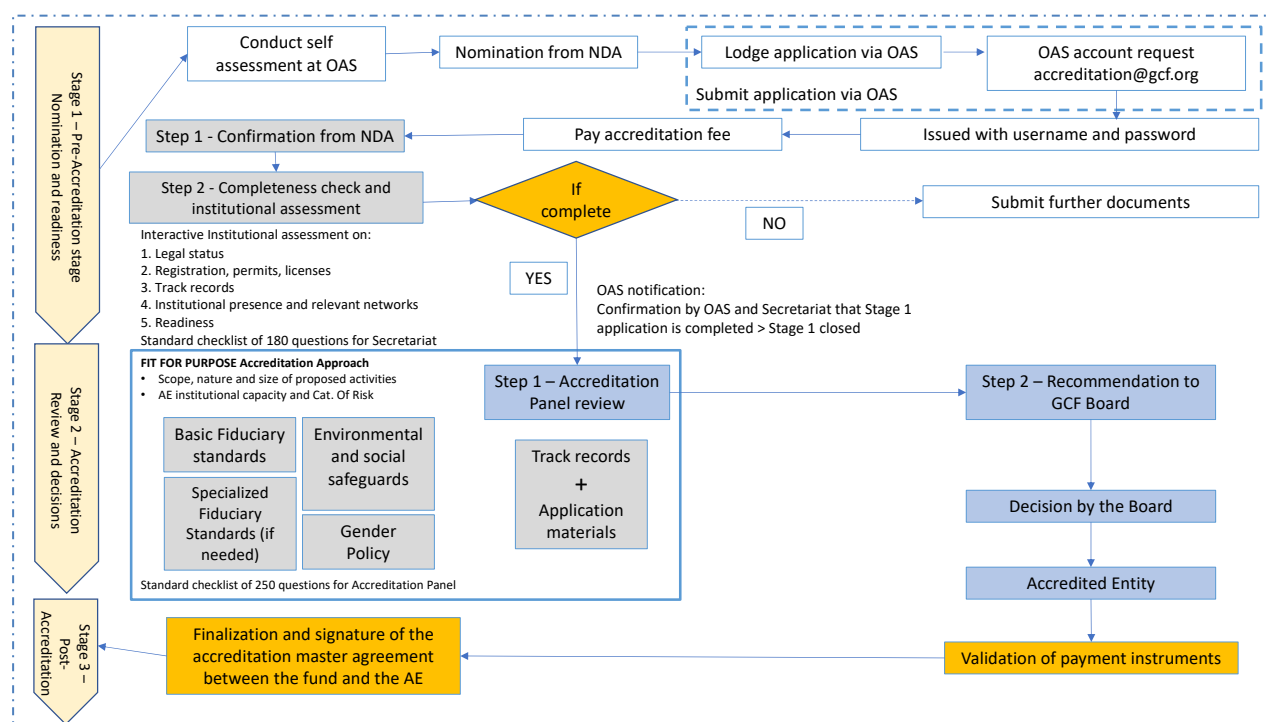
The initial guiding framework for the Fund's accreditation process adopted through decision B.07/02 establishes an accreditation process which will ascertain whether applicant entities: (a) meet the Fund's basic fiduciary standards and applicable specialized fiduciary standards; and (b) have the capacity to manage relevant environmental and social safeguard risks in line with the Fund's ESS and scaled, risk-based approach. To avoid a one size fits all approach, the guidelines for the operationalization of the fit-for-purpose accreditation approach (GCF/B.08/02) set out how the Fund's fiduciary standards and ESS will be assessed through a fit-for-purpose accreditation process; and the criteria that Cambodian entities need to meet in order to demonstrate compliance so as to be accredited to access the Fund's resources.

The objectives of the fit-for-purpose accreditation approach that matches the nature, scale and risks of proposed activities to the application of the fiduciary standards and ESS are the following:

- a) to reach an impact of the Fund by enabling it to work through a wide range of entities at international, regional, national and sub-national levels; including through private sector entities;
- b) to recognize the different institutional context of different types of entities (e.g. public and private), and different compliance parameters in accordance with the intended scale of activities of the applicant entity with the Fund's resources; and
- c) to avoid creating an unnecessarily long and burdensome accreditation process for entities that will expose the Fund to little or no financial, environmental and social risks.

The accreditation process will take into account the scale and type (e.g. financial instrument) of funding that the entity intends to access, as well as the nature of its intended activities. This approach will ensure that the assessment of the Cambodian entity's conformity with the fiduciary standards, and relevant capacities related to the Fund's ESS in the accreditation process is commensurate with the level of fiduciary and non-financial (e.g. environmental and social) risks to which the Fund will be exposed through the activities of IEs and intermediaries.

The assessment for accreditation, taking into account the fit-for-purpose approach, is conducted upon the application for accreditation and supporting information, including their track record, provided by the applicant during the application process. After an entity is accredited, its track record of experience in achieving the results of the Fund's results management framework may be taken in account in the review of the entity's accreditation status.



**Figure A3: Fit-for-purpose accreditation approach for Cambodia**

## **b. Developing Cambodian conformity with the Fund’s fiduciary standards**

Assessment of the chosen Cambodian entity’s conformity with the Fund’s fiduciary standards will be considered according to the nature of the fiduciary risk, the scale of intended activities, and type of entity (see Figure A2).

**i. Nature of the fiduciary risk:** The Fund’s fiduciary standards (which are set out in Decision B.07/02) already distinguish between the different types of fiduciary risks that are implied depending on the nature of the activities that a Cambodian entity may take on, including the type of financial instruments. The basic fiduciary standards will apply to all IEs and intermediaries, while the specialised fiduciary standards will apply only to entities that will be undertaking relevant activities, as follows:

- a) **Project management.** In the case of a Cambodian entity that will be implementing projects, the assessment will look at the project management capacities of the chosen Cambodian entity. In the case of an entity that will be intermediating funding through a grant award, on-lending or blending mechanism, the assessment will look at the capacities of the chosen Cambodian entity to exercise appropriate oversight and governance, hold to account, across the defined fiduciary requirements in this category, the entities that will access the funding that it intermediates.
- a) **Grant award and/or funding allocation.** This set of criteria will apply to any Cambodian entity that will intermediate funding in the form of grants through a grant award or funding allocation mechanism.
- b) **On-lending and/or blending.** This set of criteria will apply to any Cambodian financial or other entity that will intermediate funding in the form of loans through on-lending or blending (through combining and sequencing) with resources from other sources.

**ii. Scale of intended activities.** Irrespective of the scale of activities to be funded with the Fund’s resources, all entities will have to meet the Fund’s basic fiduciary standards and any applicable specialized fiduciary standards in order to be accredited. A Cambodian entity can only access funding at a scale that is within its capacity to manage in accordance with the Fund’s fiduciary standards. As the accreditation panel will use its expert judgement to determine whether the

capacity demonstrated by the Cambodian DAE entity for each applicable fiduciary standard is adequate in light of the scale of funding it will access from the Fund, clear capacity must be clearly demonstrated to help Accreditation Panel make informed decisions. The accreditation panel may recommend to the Board that a Cambodian entity be accredited to access funding within one of the following categories, commensurate with its track record and demonstrated capacity:

- a) micro (applications for a maximum contribution from the Fund of up to and including USD1 million for any financial instrument for an individual project or activity);
- b) small (applications for a maximum contribution from the Fund of above USD1 million and up to and including US\$ 10 million for any financial instrument for an individual project or activity);
- c) medium (applications for a maximum contribution from the Fund of above USD10 million and up to and including USD50 million for any financial instrument for an individual project or activity); and
- d) large (applications for a contribution from the Fund of above USD50 million for any financial instrument for an individual project or activity).

In the selection process, each potential Cambodian entity will be vetted upon their past record in scaling up of climate adaptation and mitigation projects/programmes.

**iii. Type of entity.** As set out in the Governing Instrument, IEs and intermediaries of the Fund may be international, regional, national or subnational, public or private. While all types of entities are required to meet the Fund's basic fiduciary standard (and any applicable specialized fiduciary standards), the documentation needed to demonstrate compliance is tailored to different types of entities.

#### **c. Developing capacities for conformity with the Fund's ESS**

The Fund's ESS (which are set out in annexes I and III of decision B.07/02) describe the eight performance standards that will be applied through a modular and scaled, risk-based approach to all GCF-funded activities. The environmental and social management system (e.g. Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts) capacity of a Cambodian IE or intermediary to manage the execution of the Fund's ESS at the institutional level will be assessed during the accreditation process; the initial proposal review process will verify that the specific project or programme is consistent with the ESS.

Each Cambodian entity thus will be assessed on i) its institutional capacity, ii) a management system for screening funding proposals in order to identify the potential environmental and social risks and/or impacts, and iii) its capacity to implement the ESS in a manner commensurate with the scale and nature of the potential risks and impacts.

**i. Categories of environmental and social risk:** Each Cambodian entity will be assessed on their track record and demonstrated capacity to overcome the regulatory, technical, financial and social barriers to manage projects or programmes of different risk categories. The Accreditation Panel may recommend to the Board that a Cambodian entity be accredited with a restriction on the risk category of activities it can carry out, using the risk categories set out in Annex I of decision B.07/02, commensurate with the track record and demonstrated capacity of the Cambodian entity.

Following the application review, the Accreditation Panel will recommend to the Board whether an entity should be accredited, and assign a risk categorization to the entity. Once an entity is accredited, it can submit funding proposals for projects or programmes through the initial proposal review process up to this categorization risk level assigned when the entity was accredited.

#### **d. Additional considerations for the fit-for-purpose accreditation process**

**i. Additional requirements for entities with a limited track record.** Where an entity that meets the accreditation criteria in most respects but has a limited track record of managing projects or funding i) of the type, ii) at the scale, and/or iii) at the risk level that the entity intends to undertake, the accreditation panel may recommend to the Board that the entity be accredited with a more frequent reporting requirement, which would be lifted after the first two years of its accreditation, subject to satisfactory performance. The accreditation panel may also recommend a more frequent, but smaller, disbursement of funding tranches, subject to review after the first two years of the applicant's accreditation. The panel will also determine on a case-by-case approach the appropriate recommendation or conditions that may apply to the entity in circumstances where there is a limited track record.

**ii. Accreditation of additional capacities.** In the event that an entity that has been accredited with certain restrictions to its activities subsequently wishes to take on additional activities, it may re-apply for accreditation of these additional capacities. It will go directly to Stage II of the accreditation process and the assessment will focus only on those additional capacities and not on those already accredited, unless the applicant entity wishes to go through Stage I of the accreditation process for the purposes of readiness assessment and eventual support on those capacities for which it may seek further accreditation.

**iii. Review of accreditation.** Accreditation will be reviewed every five years, through modalities to be developed which will consider the performance and continued conformity of the IE or intermediary to the Fund's fiduciary standards and ESS. The Secretariat or accreditation panel may also, as needed, recommend a focused review of specific elements of the fit-for-purpose accreditation approach.

## **FREQUENTLY ASKED QUESTIONS**

### **1. Why does the GCF use Accredited Entities?**

The GCF recognizes that individual organizations possess the type of specialist knowledge and experience that can be best utilized to mobilize climate finance on the ground. That is why the GCF works through a wide range of Accredited Entities to channel its financial resources to climate change projects and programmes. Accredited Entities can be private, public, non-governmental, sub-national, national, regional and international. The use of Accredited Entities is set out in the GCF Governing Instrument, the central institutional guide for all of the Fund's activities.

### **2. Can an Accredited Entity also be the NDA/focal point?**

A developing country NDA / focal point has a very different role from that of an Accredited Entity. The NDAs / focal points act as the interface between each developing country and the Fund. They ensure country ownership by providing broad strategic oversight of the GCF's activities in their country, serve as the point of communication with the Fund, and ensure that investments are aligned with local needs and planning.

Accredited Entities are responsible for channelling the GCF resources to particular programmes and projects. The GCF accredits Direct Access Entities that work at the sub-national or national level, as well as organizations working at regional and international levels. Accredited Entities can also be governmental or non-governmental, and public or private in nature.

Normally the roles of the NDA and Accredited Entities are distinct and separate. However, in some cases the NDAs may seek to also become Accredited Entities to the Fund. The GCF Secretariat can advise on best practices in this area.

### **3. Do organizations need to have climate funding proposals to be considered by the GCF before seeking accreditation?**

No.

### **4. How are Accredited Entity applicants assessed?**

The accreditation process assesses whether applicants are capable of strong financial management and of safeguarding funded projects and programmes against any unforeseen environmental or social harm.

A wide range of organizations can become Accredited Entities. That is why the GCF has introduced a “fit-for-purpose” system to scale them differently according to their capacities and how they address the climate finance needs of different countries.

While the scopes of accreditation vary, all entities need to meet a number of basic standards. These are based on:

- basic fiduciary standards;
- environmental and social safeguards; and
- gender consideration.

Basic fiduciary standards set the baseline for appropriate financial management. This includes being able to demonstrate that financial inputs and outputs are properly accounted for, reported, and administered transparently in accordance with relevant regulations and laws, and with due accountability. Information about an organization’s overall administration and management must be available, consistent, reliable, complete and relevant. Accreditation applicants must also be able to display a track record in effectiveness and efficiency.

More details about basic fiduciary requirements are available [here](#).

The GCF’s interim environmental and social standards are drawn from the performance standards set by the International Finance Corporation, an international body which works with the private sector in developing countries. The eight performance standards are:

- i. assessment and management of environmental and social risks and impacts;
- ii. labor and working conditions;
- iii. resource efficiency and pollution prevention;
- iv. community health, safety and security;
- v. land acquisition and involuntary resettlement;
- vi. biodiversity conservation and sustainable management of living natural resources;
- vii. indigenous peoples; and
- viii. cultural heritage.

The accreditation process assesses the applicant’s capacity and commitment to maintaining an environmental and social management system at an institutional level (performance standard 1). Later, while reviewing accredited entity funding proposals, the GCF Secretariat will check how the entity follows its environmental and social management system to take action that matches specific issues relating to performance standards 2 to 8.

More detailed information about how applicants must meet minimum environmental and social standards are available in this document.

The GCF’s Gender Policy and Action Plan is based on guidance by the United Nations Framework Convention on Climate Change (UNFCCC) supporting gender equality, equity and



sensitivity. More detailed information about the GCF's approach to gender and climate change is available [here](#).

The accreditation process assesses the capacity of applicants in terms of addressing gender – responsive systems at both the institutional and project/programme level.

While reviewing funding proposals submitted by Accredited Entities, the GCF Secretariat:

- i. checks how gender considerations are translated into specific actions to meet gender – related standards set out in the accreditation process; and
- ii. assesses whether projects/programmes submitted by Accredited Entities are consistent with approaches outlined in the GCF's Gender Policy and Action Plan.

## **5. What is the GCF's fit for purpose accreditation?**

The GCF's innovative fit-for-purpose approach to approving organizations to become Accredited Entities recognizes their broad range of activities and capacities. Entities vary from small government and non-government groups managing activities of a few million dollars or less to large multilateral development banks funding activities ranging from hundreds of millions of dollars.

Fit-for-purpose is a tiered accreditation system which classifies applicant entities based on the nature of their organizations and the intended scale, nature and risks of their proposed climate finance activities.

Therefore, accreditation applicants implementing or intermediating projects and programmes with little environmental and social risks and impacts are not required to have the same environmental and social management systems in place as compared to those handling higher levels of such risks.

The fit-for-purpose accreditation review is based on: i) proposed project and programme activity size; ii) fiduciary standards; and iii) environmental and social risk category.

Proposed project and programme activity size is divided into four categories.

- Micro: maximum GCF contribution of up to and including US\$10 million;
- Small: maximum GCF contribution of above US\$10 million and up to and including US\$50 million;
- Medium: maximum GCF contribution of above US\$ 10 million and up to and including US\$250 million; and
- Large: the GCF contribution of above US\$250 million.

An entity accredited for a particular size category could submit a funding proposal for the GCF consideration where the total costs for the project are within the maximum size category. (For example, an entity accredited for medium could submit a funding proposal that falls within the micro, small or medium size category, but not large).

There are three types of specialized fiduciary standards. These standards allow an Accredited Entity to undertake an activity by performing the specific fiduciary function related to the standard.

- **Project management:** This assesses the capacity of the applicant to manage, supervise and oversee the overall project or programme, either directly or indirectly through executing entities.
- **Grant award and/or funding allocation mechanisms:** This assesses the capacity of the applicant to disburse GCF funds as an intermediary through a competitive and transparent grant award process.
- **On-lending/blending:** This assesses the capacity of the applicant to carry out intermediate funding by providing loans, blending different instruments and resources, undertaking equity and/or providing guarantees.

Applicants are also assessed how well they can manage environmental and social risks and impacts, based on their track record. Categories are divided into no or minimal risk, medium risk and high risk. These categories also take into account whether the applicant will manage projects or intermediate GCF resources through the awarding of grants, on-lending, blending, undertaking of equity investments or providing guarantees.

For projects managed by an Accredited Entity, the environmental and social risk level can be:

- **Category A:** Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented;
- **Category 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;
- **Category C:** Activities with minimal or no adverse environmental and/or social risks and/or impacts.

Projects involving investments through financial intermediation functions (grant award or on-lending/blending) or through delivery mechanisms involving financial intermediation, should refer to the following environmental and social risk levels:

- **High level of intermediation (Intermediation 1, I-1):** When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented;
- **Medium level of intermediation (I-2):** When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented; and
- **Low level of intermediation (I-3):** When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts.

More information about the GCF's fit-for-purpose accreditation approach is available [here](#).

## **6. Is it possible for Accredited Entities to upgrade their accreditation type?**

Yes. An Accredited Entity can apply to include any additional capacities it has developed over time. This will then increase its fit-for-purpose accreditation type. This allows it to seek GCF funding for projects and programmes at a higher financial level than its current classification. The Accredited Entity may apply through the OAS by creating a new application seeking for an upgrade of its relevant functions.

## **7. How long is the entity accredited for?**

Five years. The GCF is currently working on ways to assess Accredited Entities for re-accreditation.

## **8. How long does accreditation take?**

The GCF Secretariat and the Accreditation Panel aim to decide **within six months** after receiving necessary and complete documentation whether to recommend an application to the GCF Board. If organizations also apply for readiness support, this process may take longer.

The GCF Secretariat and the Accreditation Panel aims to make a decision within three months for organizations meeting fast-track requirements. These are organizations that have already been accredited by the Global Environmental Facility (GEF), Adaptation Fund and the Directorate-General Development and Cooperation – EuropeAid of the European Commission (DG DEVCO).

## **9. How much does accreditation cost?**

National and subnational applicants in Small Island Developing States (SIDS) and Least Developed Countries (LDCs) Fees are able to receive waivers of some accreditation fees when seeking accreditation for micro and small size categories of projects.

Accreditation fees are based on the total projected costs of the proposed climate finance project or activity within a programme at the time of the application. There are four categories which refer to the total projected costs of the activity, irrespective of the portion that is funded by the GCF.

- Micro: Up to and including a threshold of USD 10 million for an individual project or activity. The fee level for this threshold will be US\$ 1,000 for the basic fiduciary standards and US\$ 500 for each specialized fiduciary standard.
- Small: Above US\$ 10 million and up to and including US\$ 50 million for an individual project. The fee level for this threshold will be US\$ 5,000 for the basic fiduciary standards and US\$ 1,000 for each specialized fiduciary standard.
- Medium: Above US\$ 50 million and up to and including US\$ 250 million for an individual project or activity. The fee level for this threshold will be US\$ 10,000 for basic fiduciary standards and US\$ 3,000 for each specialized fiduciary standard.
- Large: Above US\$ 250 million for an individual project or activity. The fee level for this threshold will be US\$ 25,000 for basic fiduciary standards and US\$ 7,000 for each specialized fiduciary standard.

More details on accreditation fees are available [here](#).

## **10. Are some organizations prioritized for accreditation?**

Yes. In 2017, applications during Stage I will be checked by the GCF Secretariat in accordance with the GCF Board's decision to prioritize applications from:

- National Direct Access Entities;

- Entities in the Asia-Pacific and Eastern European regions;
- Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decisions B.09/07, paragraph (g) and decision B.10/06, paragraph (h);
- Entities responding to requests for proposals issued by the GCF, for example including a pilot phase for enhancing direct access; a pilot programme to support micro-, small-, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;
- Entities seeking fulfilment of conditions for accreditation; and
- Entities requesting upgrades.

## **11. What is the Accreditation Panel?**

The Accreditation Panel provides independent advice to the GCF Board about individual applications for accreditation. It is made up of six senior experts, evenly balanced by representation from developed and developing countries. Members of the Accreditation Panel serve for three years.

Accreditation Panel members provide specialized knowledge on a range of issues feeding into accreditation decisions, including good practice in fiduciary principles and standards, environmental and social safeguards, and recognized good practice in accreditation procedures. They can also consult with other relevant experts when necessary.

## **12. How can I contact the GCF to find out more about accreditation?**

Please direct enquiries to: [accreditation@gcfund.org](mailto:accreditation@gcfund.org)

### Annex 4: Criteria and Indicators for the Programme/Project Funded and Fund’s Activities-Specific Decision Making Criteria

The Accredited Entity will develop its funding proposal with due consideration of the GCF 6 investment criteria and the applicable and relevant activity-specific sub-criteria and indicative assessment factors. In the formulation of the proposal, the Accredited Entity is expected to respond to all six of the investment criteria but only the applicable and relevant sub-criteria and indicative assessment factors. Not all activity-specific sub-criteria and indicative assessment factors will be applicable or relevant for every proposal.

**Table A4.1: Activity-specific sub-criteria and indicative assessment factors**

Criterion	Definition	Coverage Area	Activity-Specific Sub-Criteria	Indicative Assessment factors (including indicators)
Impact Potential	Potential of the programme/project to contribute to the achievement of the Fund's objective and result areas.	Mitigation Impact	Contribution to the shift to low-emission sustainable development pathways.	<p>Expected tonnes of Carbon Dioxide equivalent (t CO2 eq) to be reduced or avoided (PMF-M Core 1)</p> <p>Degree to which activity avoids lock-in of long-lived, high-emission infrastructure;</p> <p>Expected increase in the number of households with access to low-emission energy;</p> <p>Expected increase in the number of small, medium and large low-emission power suppliers (PMF-M 6,0 and related indicator(s)), and installed effective capacity;</p> <p>Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7,0 and related indicator(s));</p> <p>Expected increase in the use of low-carbon transport (PMF-M 8,0 and related indicator(s));</p> <p>Expected improvement in the management of land or forest areas contributing to emissions reductions (PMF-M 9,0 and related indicator(s));</p> <p>Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A and related indicator(s));</p> <p>Expected strengthening of awareness of climate threats and risk-reduction processes (PMF-A 8,0 and related indicator(s)); and/or</p> <p>Other relevant indicative assessment factors, taking into account the Fund's objective, priorities and result areas, as appropriate on a case-by-case basis.</p>

Paradigm Shift Potential	Degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment.	Potential for scaling up and replication , and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees.	<p>Potential for expanding the proposal's impact without equally increasing its cost base (scalability).</p> <p>Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)</p> <p>Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees, in the light of potential for scalability, replicability and impact on technology costs.</p>	<p>Demonstration of a robust and convincing theory of change for replication and scale up.</p> <p>Opportunities for scaling up the scope and impact the intended project/programme without equally increasing the total costs of implementation.</p> <p>Expected opportunities and the corresponding impact potential for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries.</p> <p>Description of how the project/programme contributes to global low-carbon development pathways, and how it is consistent with a temperature increase of less than 2 degrees, in terms of technology advancement, technology cost reduction, an innovative business model.</p>
		Potential for knowledge and learning	<p>Expected contribution to the creation or strengthening of knowledge, collective learning processes, or institutions.</p>	<p>Vision of the long-term goals, how they will be reached and relevant measurable indicators of success.</p> <p>Identification of key actors, milestones and opportunities for knowledge generation.</p> <p>Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or</p> <p>Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis.</p>

		Adaptation Impact	Contribution to increased climate-resilient sustainable development.	<p>Expected total number of direct and indirect beneficiaries (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF- A Core1);</p> <p>Degree to which the activity avoids lock-in of long-lived, climate- vulnerable infrastructure;</p> <p>Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most of vulnerable population groups and applying a gender-sensitive approach;</p> <p>Number of people affected by climate change related natural disasters (including deaths);</p> <p>Number and type of institutions using climate information to inform policy and decision-making.</p> <p>Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicators(s));</p> <p>Expected increase in generation and use of climate information in decision making (PMF-A 6.0 and related indicator(s));</p>
		Contribution to the creation of an enabling environment	<p>Innovativeness</p> <p>Sustainability of outcomes and results beyond completion of the intervention.</p> <p>Mobilization of other relevant actors.</p> <p>Market development and transformation.</p>	<p>Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes.</p> <p>Arrangements and provisions for long-term continuation of relevant outcomes and key relevant activities derived from the project/programme.</p> <p>Expected potential to mobilize other relevant public, private and other actors at the local and/or national level with a view to enhancing the long-term success of the proposed project/programme.</p> <p>Extent to which the project/programme creates new markets and business activities at the local, national or international levels.</p> <p>Degree to which the activity will change incentives for market participants by reducing costs and risks, and eliminating barriers to the deployment of low-carbon solutions.</p>

		Contribution to the regulatory framework and policies.	Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development.	<p>Expected changes in the national/local regulatory or legal frameworks to systemically address investment in low-emission technologies and activities, development of low-emission policies, and improvement of low-emission planning and development.</p> <p>Degree to which the activity shifts incentives or promotes mainstreaming of climate change activities into policies and regulatory frameworks and decision-making processes at national, regional and local levels, including private-sector decision-making.</p>
		Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans.	<p>Potential for expanding the proposal's impact without equally increasing its cost base (scalability)</p> <p>Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)</p>	<p>Opportunities for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation.</p> <p>Expected opportunities and the corresponding impact potential for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries.</p>
Sustainable development potential	Wider benefits and priorities	Environmental co-benefits	Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate.	Positive environmental externalities can reasonably be expected through the implementation of the proposal in areas such as air quality, conservation, biodiversity, etc.
		Social co-benefits	Expected positive social and health impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate.	Potential for externalities in the form of expected improvements, for women and men as relevant, in areas such as health and safety, low-emission energy access to vulnerable groups, access to education, improved regulation and/or cultural preservation. These co-benefits may also derive from the mechanisms to be used in the implementation of the proposal and the social and political changes needed to implement them, such as the clarification of land tenure and enhanced participation in decision-making.



		Economic co-benefits	Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate.	Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation for women and men (directly and indirectly in the technology cycle and management/finance roles), increased and /or expanded involvement of local industries; increased collaboration between industry and academia; growth of private funds attracted; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity, contribution to an increase in energy security; change in water supply and agricultural productivity in targeted areas, etc.
		Gender-sensitive development impact	Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes	Explanation of how the project activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks.
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country	Level of exposure of people, and/or social and economic assets or capital, to risks derived from climate change.	Level of exposure to climate risks, and the degree of vulnerability (e.g. particularly vulnerable countries, including least developed countries, small island developing States and African States)
		Vulnerable groups and gender aspects	Comparably high vulnerability of the beneficiary groups.	Proposed project/programme supports groups that are identified as particularly vulnerable in national climate or development strategies with relevant sex disaggregation.
		Economic and social development level of the country and the affected population	Specific vulnerable groups (minorities, disabled, elderly, children, female heads of household, indigenous, etc.) addressed	Level of social and economic development of the target population compared to the average of the country
		Absence of alternative sources of financing	Opportunities for overcoming specific barriers to financing	Explanation of the existing barriers that create absence of alternative sources of financing and how they will be addressed.
		Need for strengthening institutions and implementation capacity	Opportunities to address any lack of institutional and implementation capacity in the key or relevant institutions in the context of the proposal.	Description of a specific plan for how key or relevant institutions' institutional and implementation capacity will be strengthened

Country ownership	Beneficiary country ownership of, and capacity to implement, a funded project programme (policies, climate strategies and institutions)	Existence of a national climate strategy	Country has a current and effective national climate strategy or plan, nationally appropriate mitigation action (NAMA), national adaptation plan (NAP) or equivalent, as appropriate.	Proposal addresses the country's existing and effective climate priorities and national, local or sectoral plans, and attracts sustained high-level political support in implementing countries.
		Cohesive with existing policies	Proposal has not been objected by the country's National Designated Authority (NDA) or focal point.  Objectives are in line with priorities in the country's national climate strategy.	Proposal received no objection by the NDA or focal point in accordance with the Fund's no objection procedure.  Proposal demonstrates coherence and alignment with one or more priority areas identified in the country's national climate strategy, including in the content of NAMAs or NAPs, as appropriate and applicable.  Degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes.  Project/programme sponsor identified as a credible champion.
		Capacity of accredited entities or executing entities to deliver	Experience and track record of the accredited entity or executing entity in key elements of the proposed activity	Proponent demonstrates a consistent track record and relevant experience and expertise in similar or relevant circumstances as described in the proposed project/programme (e.g. sector, type of intervention, technology, etc.)
		Engagement with civil society organizations and other relevant stakeholders	Stakeholder consultation and engagement	Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular attention being paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the Fund's environmental and social safeguards (ESS) and stakeholder consultation guidelines. The proposal places decision-making responsibility with in-country institutions and uses national systems to ensure accountability.
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non-financial aspects.	Financial adequacy and appropriateness of concessionality.  Cost-effectiveness (mitigation only)	Demonstration that the proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers.  Estimated cost per t CO <sub>2</sub> eq. (defined as total investment cost/expected lifetime emission reductions) (PMF-M Core 2)  Economic and other co-benefits vis-a-vis project cost.

		Amount of co-financing	Potential to catalyze and/or leverage investment (mitigation only)	<p>Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3)</p> <p>Co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme)</p> <p>Potential to catalyze private- and public- sector investment, assessed in the context of performance on industry best practices.</p> <p>Expected indirect/long-term low-emission investment mobilized as a result of the implementation of activity.</p>
		Programme/project financial viability and other financial indicators	<p>Expected economic and financial internal rate of return.</p> <p>Financial viability in the long run.</p>	<p>Economic and financial rate of return with and without the Fund's support (i.e. hurdle rate of return or other appropriate/relevant thresholds).</p> <p>Description of financial soundness in the long term (beyond the Fund's intervention)</p>
		Industry best practices	Application of best practices and degree of innovation	<p>Explanation of how best available technologies and/or best practices, including those of indigenous people and local communities, are considered and applied.</p> <p>If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices.</p>

## Annex 5: GCF Environmental and Social Safeguard and Gender Requirements

### The GCF interim environmental and social safeguards (ESS)

The GCF will adopt, on an interim basis, the environmental and social performance standards of the International Finance Corporation (IFC).

IEs and intermediaries accredited to the Fund need to have the capacity and a system for screening funding proposals, in order to identify the potential environmental and social risks and/or impacts, and to determine if any potential inconsistencies with the Fund's interim ESS are insurmountable and/or unmanageable over a reasonable period of time.

IEs and intermediaries accredited to the Fund need to demonstrate their capacity to assess and manage environmental and social risks and impacts. Applicants need to be able to develop an environmental and social management system (ESMS) to implement the performance standards detailed in the table below consistently. An ESMS should include the following elements:

- A policy;
- A process to identify risks and impacts consistent with performance standards;
- A management programme which manages mitigation measures and actions stemming from those risks and impacts. This programme should include an identification process consistent with the performance standards;
- Organizational capacity and competencies to properly implement the performance standards;
- A monitoring and review programme to ensure completion of mitigation actions; this should facilitate learning and include reporting on the effectiveness of the ESMS; and
- An external communication channel that facilitates receipt of and response to external inquiries.

Funding proposals should fit into one of the following categories:

- Category A: Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented.
- Category B: Activities with potential mild adverse environmental and/or social risks and/or impacts which are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
- Category C: Activities with minimal or no adverse environmental and/or social risks and/or impacts.

Environmental and social safeguards
<p><b>PS1: Assessment and management of environmental and social risks and impacts</b></p> <p>(a) Identify funding proposal's environmental and social risks and impacts;</p> <p>(b) Adopt mitigation hierarchy: anticipate, avoid; minimize; compensate and offset;</p> <p>(c) Improve performance through an environmental and social management system; and</p> <p>(d) Engagement with affected communities or other stakeholders throughout funding proposal cycle. This includes communications and grievance mechanism.</p>
<p><b>PS2: Labour and working conditions</b></p> <p>(a) Fair treatment, non-discrimination, equal opportunity;</p> <p>(b) Good worker-management relationship;</p> <p>(c) Comply with national employment and labour laws;</p> <p>(d) Protect workers, in particular those in vulnerable categories;</p> <p>(e) Promote safety and health; and</p> <p>(f) Avoid use of forced labour or child labour.</p>
<p><b>PS3: Resource efficiency and pollution prevention</b></p> <p>(a) Avoid, minimize or reduce project-related pollution;</p> <p>(b) More sustainable use of resources, including energy and water; and</p> <p>(c) Reduced project-related greenhouse gas emissions.</p>
<p><b>PS4: Community health, safety and security</b></p> <p>(a) To anticipate and avoid adverse impacts on health and safety of the affected community; and</p> <p>(b) To safeguard personnel and property in accordance with relevant human rights principles.</p>
<p><b>PS5: Land acquisition and involuntary resettlement</b></p> <p>(a) Avoid/minimize adverse social and economic impacts from land acquisition or restrictions on land use:</p> <p>(i) Avoid/minimize displacement;</p> <p>(ii) Provide alternative project designs;</p> <p>(iii) Avoid forced eviction.</p> <p>(b) Improve or restore livelihoods and standards of living;</p> <p>(c) Improve living conditions among displaced persons providing:</p> <p>(i) Adequate housing; and</p> <p>(ii) Security of tenure.</p>
<p><b>PS6: Biodiversity conservation and sustainable management of living natural resources</b></p> <p>(a) Protection and conservation of biodiversity;</p> <p>(b) Maintenance of benefits from ecosystem services;</p> <p>(c) Promotion of sustainable management of living natural resources; and</p> <p>(d) Integration of conservation needs and development priorities.</p>

**PS7: Indigenous peoples**

(a) Ensure full respect for indigenous peoples

(i) Human rights, dignity, aspirations;

(ii) Livelihoods;

(b) Avoid/minimize adverse impacts;

(c) Sustainable and culturally appropriate development benefits and opportunities;  
and

(d) Free, prior and informed consent in certain circumstances.

**PS8: Cultural heritage**

(a) Protection and preservation of cultural heritage; and

(b) Promotion of equitable sharing of cultural heritage benefits.

## Annex 6: GCF Gender Policy

### Mainstreaming Gender in Green Climate Fund Projects

The GCF Gender Policy Among other vertical funds and climate finance instruments, the GCF stands out in terms of gender mainstreaming as being the first to integrate gender aspects from the outset of fund operations. Gender mainstreaming is central to the GCF objectives and guiding principles, and a gender-sensitive approach is embedded in the GCF Governing Instrument and related policies, which have been adopted since the Fund's inception. The GCF Board adopted the Gender Policy and Action Plan in March 2015 (GCF/B.09/10). Its rationale is rooted in the GCF's mandate to encourage a paradigm shift towards low-emission and climate-resilient development pathways. Gender responsive approaches are essential to this, including decisions and actions by women and men. The Policy states that:

- i. Women, as well as men significantly contribute to combating climate change. Shifting the paradigm towards low-emission and climate-resilient development pathways, which is the Fund's mandate, requires a large number of individual and collective decisions by women and men. A gender-sensitive approach is therefore part of a paradigm shift;
- ii. Climate change impacts women and men differently, to the detriment of women, and existing gender inequalities are likely to be exacerbated by climate change; and
- iii. Gender inequality, exacerbated by climate change, is linked, as are other development areas, to vulnerability and risks. The greater vulnerability of women to climate change stems from gender norms and discrimination that result in the imbalanced division of labour, lower incomes, and lesser livelihood opportunities; less access and control over land and other productive assets; fewer legal rights; lesser mobility and lesser political and professional representation.

By adopting a gender-responsive approach, the GCF will efficiently contribute to gender equality and access to opportunity, and:

- Achieve greater, and more effective, sustainable and equitable climate change results;
- Build equally women and men's resilience to, and ability to address climate change, and ensure that women and men will equally contribute to and benefit from Fund activities;
- Address and mitigate assessed potential project risks for women and men from funded adaptation and mitigation activities; and
- Contribute to reducing the gender gap in climate change-exacerbated social, economic and environmental vulnerabilities.

Through its Gender Policy, the GCF commits to:

- Gender equality and equity, as enshrined in international agreements and national constitutions, and other human rights agreements;
- Inclusiveness in all activities;
- Accountability for gender and climate change results and impacts;
- Country ownership through alignment with national policies and priorities, and inclusive stakeholder participation;
- Competencies throughout the Fund's institutional framework; and
- Equitable resource allocation so that women and men benefit equitably from the Fund's adaptation and mitigation activities.

The GCF's ambitious paradigm shift is rooted in the acknowledgement of women's critical role and contributions in climate responses, as agents of change and as sharing in the benefits.

It is, therefore, important to ensure the gender responsiveness of the GCF financing beyond "business as usual," which considers gender mainly in the context of social and environmental safeguards. Gender mainstreaming must aim to shape climate initiatives and investments more holistically.

**Source:**[https://www.greenclimate.fund/documents/20182/194568/Guidelines\\_-\\_GCF\\_Toolkit\\_Mainstreaming\\_Gender.pdf/860d1d03-877d-4c64-9a49-c0160c794ca7](https://www.greenclimate.fund/documents/20182/194568/Guidelines_-_GCF_Toolkit_Mainstreaming_Gender.pdf/860d1d03-877d-4c64-9a49-c0160c794ca7)

## Annex 7: References and useful links

GCF Handbook (April 2018)<sup>28</sup>. Decisions, Policies and Frameworks.

[https://www.greenclimate.fund/documents/20182/296788/GCF\\_Handbook\\_\\_Decisions\\_\\_Policies\\_and\\_Frameworks\\_\\_updated\\_April\\_2018\\_.pdf/25fd22ec-4f81-44ee-b5d1-20bceb2c9264](https://www.greenclimate.fund/documents/20182/296788/GCF_Handbook__Decisions__Policies_and_Frameworks__updated_April_2018_.pdf/25fd22ec-4f81-44ee-b5d1-20bceb2c9264)

<http://www4.unfccc.int/ndcregistry/Pages/All.aspx>

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All NDCs

[www4.unfccc.int](http://www4.unfccc.int)

<http://www4.unfccc.int/ndcregistry/PublishedDocuments/State%20of%20Cambodia%20First/State%20of%20Cambodia%20First%20NDC.pdf>

STATE OF CAMBODIA NATIONALLY DETERMINED CONTRIBUTIONS/[www4.unfccc.int](http://www4.unfccc.int)

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[http://unfccc.int/national\\_reports/non-annex\\_i\\_natcom/submitted\\_natcom/items/653.php](http://unfccc.int/national_reports/non-annex_i_natcom/submitted_natcom/items/653.php)

Submitted National Communications from non-Annex I Parties/[unfccc.int](http://unfccc.int)

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<http://www4.unfccc.int/nap/Pages/national-adaptation-plans.aspx>

National adaptation plans - Climate change/[www4.unfccc.int](http://www4.unfccc.int)

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### NDA's and focal points

<http://www.gcfund.org/operations/readiness/designations.html>/<http://www.erd.gov.bd/>

### Accreditation

<http://www.gcfund.org/operations/accreditation.html>

### Funding proposals

All latest GCF forms and templates are available here: <https://www.greenclimate.fund/library/-/docs/list/574044>

Concept note: [http://www.gcfund.org/fileadmin/00\\_customer/documents/Operations/4.5\\_Concept\\_Note.docx](http://www.gcfund.org/fileadmin/00_customer/documents/Operations/4.5_Concept_Note.docx)

Full proposal: [http://www.gcfund.org/fileadmin/00\\_customer/documents/Operations/GCF\\_Funding\\_Proposal\\_Template\\_BETA.docx](http://www.gcfund.org/fileadmin/00_customer/documents/Operations/GCF_Funding_Proposal_Template_BETA.docx)

### GCF's Approved Project/programmes:

[https://unfccc.int/climatefinance/gcf/gcf\\_data](https://unfccc.int/climatefinance/gcf/gcf_data)

### Operations manual

<http://www.gcfund.org/operations/resource-guide.html>

For further information regarding NDAs and Focal Points, please contact: [countries@gcfund.org](mailto:countries@gcfund.org)

**For accreditation to GCF, please contact:** [accreditation@gcfund.org](mailto:accreditation@gcfund.org)

GCF Guidebook (2017). Accessing the GCF Readiness and Preparatory Support Programme. An introduction and how-to guide. 25 September 2017.

[https://www.greenclimate.fund/documents/20182/574766/Guidelines\\_-\\_Readiness\\_and\\_Preparatory\\_Support\\_Guidebook.pdf/9eea580f-a109-4d90-b281-c54695114772](https://www.greenclimate.fund/documents/20182/574766/Guidelines_-_Readiness_and_Preparatory_Support_Guidebook.pdf/9eea580f-a109-4d90-b281-c54695114772)

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<sup>28</sup>[https://www.greenclimate.fund/documents/20182/296788/GCF\\_Handbook\\_\\_Decisions\\_\\_Policies\\_and\\_Frameworks\\_\\_updated\\_April\\_2018\\_.pdf/25fd22ec-4f81-44ee-b5d1-20bceb2c9264](https://www.greenclimate.fund/documents/20182/296788/GCF_Handbook__Decisions__Policies_and_Frameworks__updated_April_2018_.pdf/25fd22ec-4f81-44ee-b5d1-20bceb2c9264)





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