

GCF insight #18

Eco.

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THINKING

# Navigating Green Climate Fund proposal feedback



June 2021

Insights from project developers & other stakeholders

An independent E Co. study

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## GCF insight #18

*GCF insight* seeks to understand what's working - and what's not working - in Green Climate Fund (GCF) project development. This report, and the surveys and interviews that have informed it, highlight the most topical GCF issues. This eighteenth edition discusses the common GCF comments received after review, the challenges they bring and how they can be avoided, or at least reduced, in future project design and development.

### About E Co.

We specialise in designing low-carbon, climate-resilient projects and programmes. For over 21 years, we've been providing technical expertise to help our clients solve climate adaptation and mitigation challenges and access project funding. We assess markets, develop strategies and formulate projects to provide long-lasting solutions for vulnerable populations worldwide.



# Spotlight on Green Climate Fund proposal feedback

## Objective of this study and report

Writing and designing fundable climate projects can be difficult.

The process of obtaining funding from multilateral organisations comes, understandably, with many questions about project design. For example, the process of submitting proposals to the Green Climate Fund usually comes with a lot of scrutiny and comments from the GCF Secretariat and the Independent Technical Advisory Panel (iTAP) that may lead to many challenges for the project designer, ultimately delaying progress.

The objective of this report is to help identify the most common types of comments received from the GCF on concept notes and funding proposals. We also determine major challenges faced when addressing GCF comments, thus hopefully enabling project designers to avoid common pitfalls to get their submissions reviewed and ultimately, approved, faster.

## The feedback process

When designing a GCF project, it is important to understand the various stages between the initial project concept and the approval for funding of the project. Typically, interaction with GCF will begin with submission of a concept note to the GCF. Although concept notes are optional, they are an opportunity to gain initial feedback from the GCF Secretariat that will be useful when designing the full funding proposal later.

Upon submission of the first version of the funding proposal it undergoes the initial Secretariat review, after which the GCF's Climate Investment Committee (CIC) will conduct their own review. The proposal then passes to various divisions, offices and specialists within the Secretariat who perform an in-depth technical review. Once concerns and comments are addressed by the entity submitting the proposal, the proposal passes back to CIC who determine whether it is ready for submission to the independent Technical Advisory Panel (iTAP). iTAP experts, who are independent from the Secretariat and Board, scrutinise the project design and typically engage with Accredited Entities to discuss it in further detail. Once the project has addressed iTAP's comments to the satisfaction of the reviewers, it will be cleared for submission to the GCF Board. At quarterly board meetings, members of the Board will consider multiple projects and vote to approve (or deny) project funding for each project individually.

The diagram below illustrates the full process from project initiation to final board approval. As you can see, there are plenty of stages for projects to receive critiques, comments and questions.

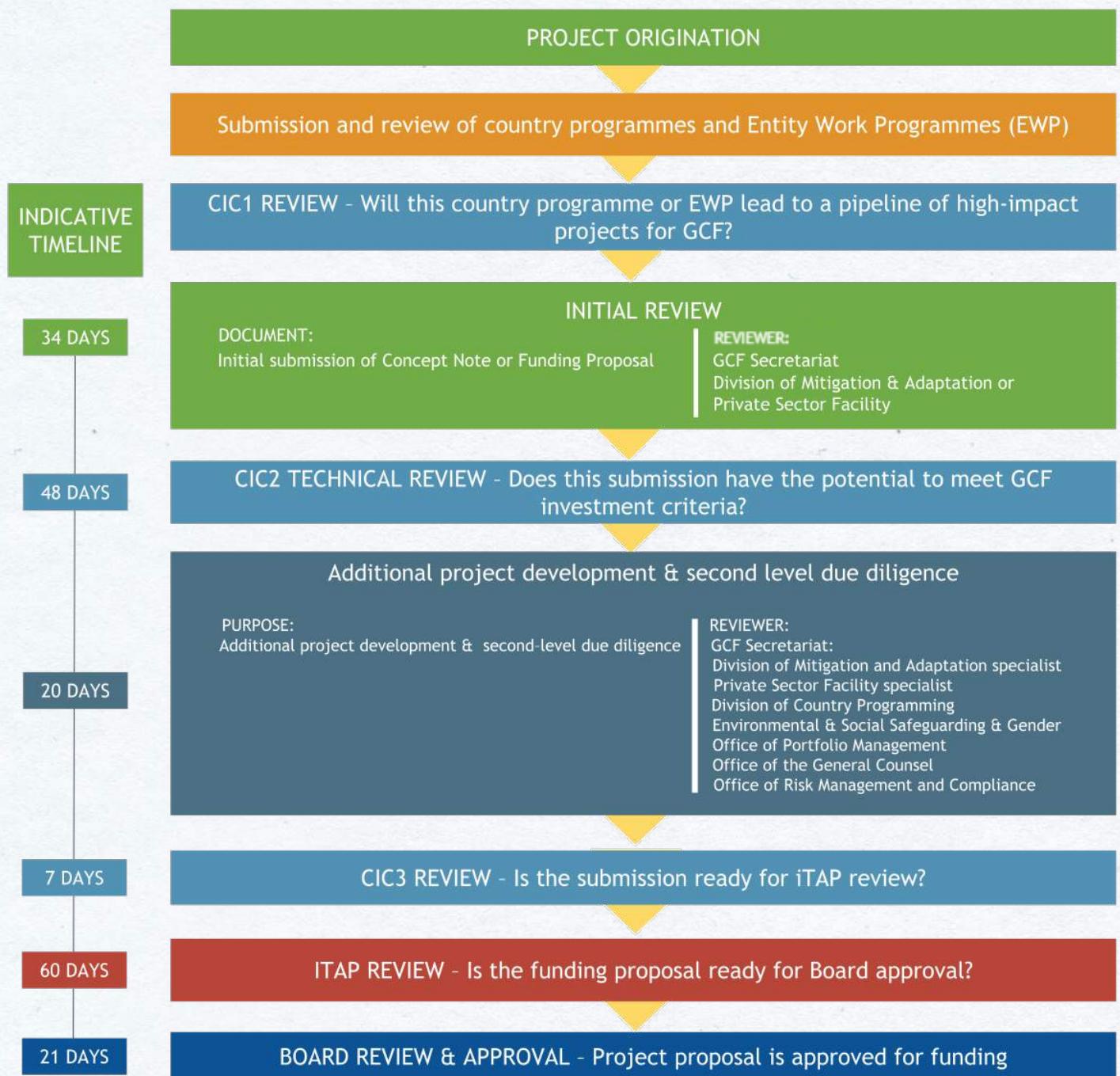


Fig. 1 - GCF proposal feedback process

## In brief, here's what we found:

The key areas where most respondents receive comments are the climate rationale, project components and activities, and financial elements (including co-financing and economic and financial analysis). Overall, the vast majority of survey respondents believe that the GCF could publish additional resources to assist with project design, including on these topics.

The volume of comments, multiple rounds of often similar comments and the long timelines for the review of submissions were challenges respondents faced regularly. This has led to confusion surrounding what should be included in the proposal and its annexes.

Greater transparency and communication between the GCF and Accredited Entities as well as within internal GCF teams to help streamline submission responses was a common recommendation.

## Methodology

This study was carried out in May and June 2021 and has been produced using primary data collection (a survey and semi-structured interviews) and desk-based research.

We received 58 survey responses and conducted four interviews of representatives from Accredited Entities, consultancies and NGOs. Of our survey respondents, 41% represented Accredited Entities, 35% were consultancy companies and individual consultants advising Accredited Entities, 9% were from National Designated Authorities/focal points, and the remaining 15% represented other organisations (such as Non-Governmental Organisations (NGOs), CSOs, and government agencies).

We asked relevant stakeholders engaged in GCF project development about the comments they routinely receive when submitting proposals. We also asked respondents to identify the topics they often struggle with, as well as broader challenges faced in responding to GCF comments, given that exact GCF comments are confidential. Moreover, respondents and interviewees were asked to include recommendations that would help assist future project design.

# 1

# Common GCF comment topics

*Respondents find the financial elements of project design, writing an effective climate rationale, and designing project components and activities most challenging.*

## Financial elements

Forty six percent of survey respondents cited the economic and financial model as an area they frequently receive comments on, with an additional 35% noting comments on other issues related to financing (breakdown by components, co-financing, etc). One international Accredited Entity we interviewed pointed to challenges around ensuring financial sustainability with projects receiving grants. They said that they struggled to integrate innovative financing mechanisms in projects, stating that knowing “how to inject these innovative financial approaches that GCF is looking for is sometimes challenging for both the Accredited Entity and partners on the ground who may not be accustomed to working with the GCF.”

Others said that they struggled to understand the complexities of co-financing, such as what amount and/or proportion that is appropriate and acceptable to the GCF. Another suggested they would benefit from more GCF support when developing detailed financing plans, including the costings and justification for GCF finance. Having frequent calls with the GCF or more frequent webinars on this topic were common recommendations to help provide further clarification.

## Climate rationale

Sixty eight percent of survey respondents answered that they regularly receive comments on the climate rationale. The climate rationale provides the scientific and technical basis of the project and the climate-based justification of the proposed activities. Many respondents cited a lack of clarity surrounding the type of information required in the climate rationale.

A recurring theme was inflexibility on the demand for the inclusion of climate data to help illustrate existing climate vulnerabilities (via historic data) and future risks in the target region (by projections or modelling).



For example, several respondents and an interviewee pointed out that in many high-need, climate vulnerable countries, including Small Island Developing States and African nations, detailed and high-quality historic climate data simply does not exist. One said that writing an effective climate rationale to highlight climate trends “can be challenging in contexts where data is scarce or unreliable. Unfortunately, these are some of the most climate vulnerable places in the most need of assistance.”

One Accredited Entity mentioned that they endeavour to include the best available science and data in their submissions but often face general comments about a lack of precision in the data without guidance or advice on how to proceed if more precise data do not exist. In other cases, data may be available but only at very high cost. Another interviewee said that to access a small amount of data for a single project would cost them over US \$100,000 - an impossibility for projects with tight budgets.

Additionally, modelling and future projections can also cause difficulties. Respondents, especially those working in Small Island Developing States, expressed the view that using the output of downscaled global climate models to highlight climate risk and vulnerability in these contexts where reliable data is unavailable or poor quality often leads to overly broad results which are insufficient to pass through the approval process. For example, one interviewee developing a project in a Small Island Developing State told us that they had to present data that showed projected future changes in rainfall between -20% and +30% - a broad range lacking the necessary accuracy. In such cases, the resolution of the global climate models may be larger than the islands, therefore leading to data outputs that are not sufficient for the GCF.

Several others expressed frustrations that a lack of data on which the climate rationale can be based and the limited flexibility from the GCF on this requirement can slow down the process as there is an impasse on how best to proceed - either by taking longer to obtain costly data or determining a way to further the project with fewer data - therefore hindering the flows of valuable financial resources to where they are needed the most.

One respondent said that the GCF should “consider the countries’ realities” on data availability limitations and help Accredited Entities adapt their proposals in these situations by sharing best practices. Another said that they “would like to see clearer guidance on establishing a climate rationale that satisfied the GCF in the context of scarce or unreliable data.” They argue that the direction of change regarding future climate vulnerabilities is clear even if these countries or regions lack the capacity to capture and distribute data to provide more precise projections.

## CASE STUDY 1

### Climate Rationale Guide with Save the Children Australia

The majority of respondents and each interviewee noted that they find writing a climate rationale challenging. Many said they were unsure of what information needs to be included to write an effective and convincing climate rationale. Earlier this year, E Co. experts worked with an international Accredited Entity, Save the Children Australia (SCA), to design and develop a practical Climate Rationale Guide for internal staff and consultants to use for project formulation. E Co. experts worked with SCA technical staff to create a step-by-step approach to meeting the requirements of the GCF for project submissions. This Guide will act as a valuable tool for writing a climate rationale at both the Concept Note and Funding Proposal Stages, therefore increasing the likelihood of success.

The Guide centred on 7 steps to writing an effective climate rationale:

1. Problem tree analysis to identify core problems and causes
2. Impact chain analysis to understand climate impacts
3. Understanding vulnerabilities to climate hazards
4. Barrier analysis to identify obstacles hindering progress
5. Providing good climate data to evidence vulnerabilities
6. Developing project activities to respond to vulnerabilities
7. Theory of Change - illustrating how activities and interventions will shift the development pathway to a climate resilient, low-carbon future

To tailor this Guide specifically to the work of SCA, E Co. conducted a review of key literature relating to existing climate training and guides; conducted key informant interviews and focus groups with County Directors, technical and project staff and consultants to determine needs, capacities, gaps and preferences; facilitated a workshop with SCA's technical team to receive feedback and refine the guide; and delivered a webinar to staff on how to make the most from using the Guide.

## Frequently asked questions

Several comments received in the survey, especially on data, reflect E Co's own questions. We know there are several questions that project designers often struggle with that can be answered using current information from the GCF:

**Q: What Representative Concentration Pathway (RCP) should I use for my projects?**

**A:** RCP 4.5 must be the central focus because it is consistent with the goals of the Paris Agreement. RCP 8.5 - a high emissions scenario - could be included in an adaptation project because it shows that proposed interventions could still be effective even in a worst-case scenario.

**Q: Which future timeframes should be used?**

**A:** Future 30-year timeframes up to 2100, the most commonly used are 2040-2070 and 2071-2100.

**Q: Can the ensemble mean be used to illustrate climate data?**

**A:** Yes - the purpose of climate modelling is to quantify uncertainty. Therefore, presenting ensemble means along with uncertainty is encouraged.

## Project components and activities

Fifty four percent of respondents cited comments on project components and activities as being frequent and often difficult to resolve. Multiple respondents and interviewees noted that project components and activities often receive positive feedback during the early Concept Note development stages but stricter scrutiny later. They felt that this creates significant difficulties as core elements of a project have to be changed, which, in turn, can mean needing to completely change outputs or outcomes. One respondent said, “comments on components and activities often lead to major changes an the proposal and the annexes because of the linkages it has and could be cumbersome.”

They suggested instead that intense scrutiny of activities should be provided at earlier stages of the development of the project concept, saying “concept notes should be scrutinized with rigor and any sort of principle changes in terms of components, outputs and activities should be finalised during this stage. At the Funding Proposal stage, this should be avoided.”

Others also mentioned that they often receive comments stating that project components and activities are development interventions rather than climate change mitigation or adaptation. One international AE mentioned that the work they do has a strong focus on the intersection between climate and development and that separating activities that yield both development and climate benefits may reduce the overall impact of the project. Better guidance or best practice examples on this were recommended.

One respondent said, “Comments on components and activities often lead to major changes in the proposal and the annexes because of the linkages it has and could be cumbersome.”

## 2

# Challenges in addressing GCF comments

We asked respondents to highlight key obstacles and challenges that make the process of addressing the comments more difficult, and responses were that feedback can be repetitive and inconsistent, there were multiple rounds of comments, and long project approval timelines.

Survey answers clearly showed that, overall, respondents find the process of addressing GCF comments difficult. We asked respondents to rate how easy they find the process of addressing GCF comments out of five (1 being extremely difficult, 5 being very easy). The average score was 2.7. The chart below shows how respondents rated the process.

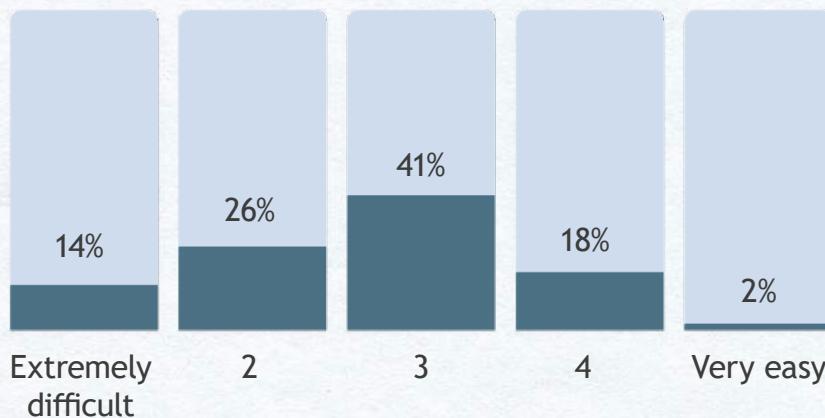


Fig. 2 - Perceived difficulty in responding to comments (frequency or response).

## Repetitive and sometimes inconsistent feedback

Multiple survey respondents and all interviewees reported that many of the comments they receive are identical. They feel as though this is likely the result of limited communication between review teams and absence of quality assurance prior to sending comments to the AEs. One respondent lamented that when they “receive comments from the Secretariat, it appears that they have not read the Funding Proposal from cover to cover. So many responses to their comments are available in other parts of the Funding Proposal or in the annexes.” Another mentioned that “GCF proposals are reviewed by different staff sitting in different divisions. Often, these individuals don’t interact with each other, resulting in tautology.”

Others suggested a GCF comment framework that ranks comments from most important to least important to understand exactly where the biggest problems lie in the project design. This would avoid additional time being spent addressing comments that may not be as important.

One survey respondent suggested that clarity would be useful in “knowing how much leeway we have if comments are not considered relevant to us.”

One suggested a way to improve [volume of comments] was for the GCF to “coordinate internally their comments, seek clarity and clearance from their management early on whether a proposal will fit and will be supported by them.”

## Volume and multiple rounds of comments

Some respondents mentioned that rather than the content of the comments they receive, it is the enormous quantity that really causes them difficulties. Seventy eight percent of respondents and all interviewees mentioned that they receive more than one round of comments, with one AE telling us they are now on their eighth iteration of a Concept Note to try and resolve all of GCF’s comments.

Limited capacity and a lack of clarification and coordination were cited as major roadblocks to progress in the GCF approval process. Respondents often face positive feedback on project elements in one review followed by negative feedback on the same element in a further review. One suggested a way to improve this was for the GCF to “coordinate internally their comments, seek clarity and clearance from their management early on whether a proposal will fit and will be supported by them.”

Overall, it is clear from the responses that greater harmonization of GCF comments internally would reduce the time taken for GCF themselves to review submissions and for AEs to respond to them.

## Long project approval timelines

The many rounds of sometimes repetitive comments lead to lengthy timelines. Respondents mentioned that it can often take months to receive comments on a Concept Note or Funding Proposal. Respondents felt that this, in addition to the multiple rounds of comments, significantly slowed the process. One noted that a smaller number of iterations of comments at a faster pace would be important “so that national priorities remain valid and so that countries keep the focus on the project and its implementation.”

Another frustrated respondent noted that “your main GCF counterpart team may be fully on board in the beginning and hand-pick a concept for further development... and when you have spent months and years responding to all their queries, you may receive a message back that actually their management has changed their mind and prefers to focus on some other strategic areas for now.”

Long project approval cycles remain, as noted in previous editions of GCF Insight, a common challenge highlighted by respondents and interviewees. One said that “by the time the project is implemented the situation has changed. Urgent climate action is needed, particularly in Small Island Developing States that often lack data to support observed impacts. A more streamlined process is needed for highly vulnerable countries.” Several participants mentioned that having more frequent calls or perhaps even presentations would allow for a more streamlined and faster process.

Naturally, this is far easier in theory than in practice. The GCF receives an enormous volume of project Concept Notes and Funding Proposals each year and only has a limited capacity to review them.

On the other hand, when a project has entered the pipeline for a particular board the short amount of time available to respond to comments can be hugely challenging and unrealistic. As noted above if comments were given in a more consolidated way it may allow Accredited Entities to give a more considered response.

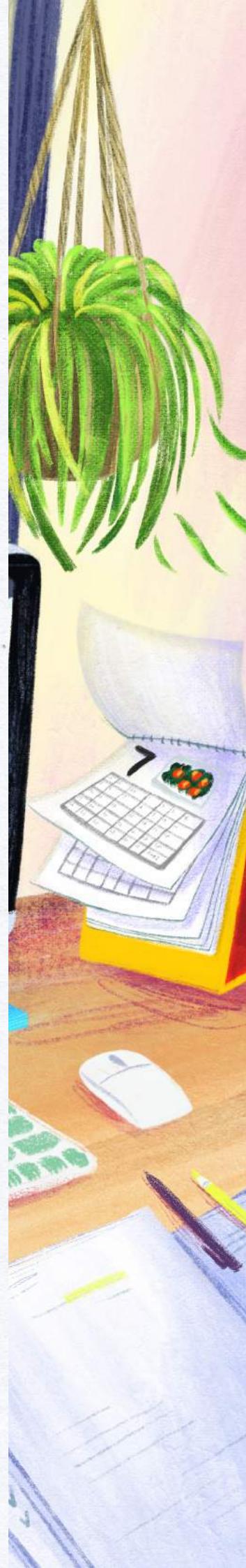
## 3 Looking ahead

This report has identified several sticking points that hinder faster and more efficient progress within the GCF project approval process. The GCF “is a globally important source of finance for paradigm shifting projects in developing countries that address climate goals.” The Fund plays a central role in addressing climate change at the necessary scale and, therefore, it is in the interest of all stakeholders that high-potential submissions can move from concept to fundable project as quickly as possible. However, “the high level of interest in the Fund, combined with the GCF’s current system to facilitate access to funding has led to bottlenecks and frustration for countries trying to access financing.”<sup>1</sup>

While the respondents and interviewees identified many challenges in addressing GCF comments, they also praised many areas of recent progress. One interviewee said that the introduction of clearer stages in the process, including the reviews of the Climate Investment Committee (CIC), has added valuable input that was previously missing. Many others pointed out that the frequent publication of resources and guidance has helped add some clarity. One NDA noted that “it is good to see the GCF now drafting guidelines on project development, this is an excellent improvement.”

Nonetheless, the overwhelming theme from respondents and interviewees was the need for greater knowledge resources and guidance. Ninety percent of respondents say that additional resources would enhance their project design, including sharing best practices, more information seminars, and written guidance on issues discussed in this report. We are aware that the GCF is currently developing guidance, in collaboration with the World Meteorological Organization (WMO), on developing a climate rationale (especially in adaptation projects), which will hopefully provide clarity to Accredited Entities.

Recommendations varied broadly from greater internal coordination and quality assurance to ensure continuity in comments, to resources to enhance AE capacity, to increasing flexibility to better understand local contexts. Nevertheless, all recommendations focused on a central theme - that project design should be focused on viability, impact and merit of the proposed interventions rather than documentation.



<sup>1</sup> World Resources Institute. 2021. Improving access to the Green Climate Fund: How the Fund can better support developing countries institutions. [https://files.wri.org/d8/s3fs-public/improving-access-green-climate-fund\\_0.pdf](https://files.wri.org/d8/s3fs-public/improving-access-green-climate-fund_0.pdf)

<sup>2</sup> Ibid

## CASE STUDY 2

# Eastern Africa Alliance on Carbon Markets and Climate Finance

We are committed to increasing local and national actors' access to climate finance. Through our training arm, E Co. institute, our team has delivered many training courses on GCF processes and project design. We aim for this training to provide the skills and understanding to increase the likelihood of success when applying for GCF funding.

So far in 2021, the E Co. team developed and delivered remote climate finance training to over 60 participants in Rwanda. The training provided insight on the proposal development process, with a focus on GCF Concept Notes. We delivered six weekly training sessions for civil society organisations and the private sector in preparing fundable climate finance proposals for NDC implementation in Rwanda. The training provided practical steps to:

- Enhance understanding of the linkages between climate finance proposals and NDCs
- Build technical knowledge on project design
- Identify and showcase opportunities for private sector climate finance
- Learn how to develop bankable projects with technical support tailored to the needs of the country and NDC.

We created tailored sessions on topics such as co-financing requirements, environmental and social safeguards, gender considerations, the climate rationale and paradigm shift. Participants were selected via the submission of a Project Idea Note (PIN) - a brief summary of a climate project they would like to explore in more detail. Using the knowledge gained during the training, participants were asked to amend their PINs and resubmit them for additional screening and evaluation. E Co. completed multiple rounds of PIN review and selected five to be developed further into draft Concept Notes. Following the training, participants' concept notes were evaluated against our evaluation matrix and participants received several rounds of written feedback.

In our capacity building work, we strive to ensure that learning continues beyond the final day of our trainings and that our clients have the knowledge and support they need to design bankable projects.

For the latest resources on climate project design, listen to our new podcast series, [Conversations with Accredited Entities](#), where we talk to those who have had their GCF projects recently approved. You can also read previous *GCF insight* editions [here](#) and our case studies [here](#).

## About E Co.

We specialise in designing low-carbon, climate-resilient projects and programmes. For over 21 years, we've been providing technical expertise to help our clients solve climate adaptation and mitigation challenges and access project funding. We assess markets, develop strategies and formulate projects to provide long-lasting solutions for vulnerable populations worldwide.

### Climate finance expertise

**Our 99% success rate** in unlocking climate finance has led to the mobilisation of over USD \$1 billion of climate finance from global climate funds, including: GCF, GEF, Adaptation Fund and NAMA Facility. We are proud members of the [GCF Communities of Practice network](#).

Funders, project developers and local beneficiaries alike trust us to work on their projects and programmes. This spans public and private sector organisations, from National Designated Authorities (NDAs), multilateral development banks, Accredited Entities, to NGOs.

Clients include: AfDB, BOAD, Carbon Trust, EBRD, FAO, GCF, GEF, GIZ, NAMA Facility, UNDP, UNHCR, UNIDO, World Bank, WRI and WWF.

**WORKED IN 160+ countries**  
**MOBILISED USD \$1.2 billion+**  
**SPEAK 15+ languages**  
**DEVELOPED 300+ projects**

### How do we make your projects more successful?

Working with our multidisciplinary core team, key associates and expert network means:

- Your projects will be in safe hands. You can trust us to understand your needs and give your projects the due time and attention they deserve.
- Your projects will be approved more quickly, and with fewer revisions, thanks to our specialist knowledge and experience.
- You will have access to institutional support, including: selecting project partners, cutting edge tools & techniques, procurement, budget designs and project management.

### Our core services

- Market assessment
- Strategy development
- Project formulation
- + Training with E Co. institute

For more information, or to speak to our consultants, contact us at:  
[amy@ecoltdgroup.com](mailto:amy@ecoltdgroup.com)



**“The E Co. team are smart thinkers.” - UNDP**

**“We have 100% funding success with E Co.” - EBRD**

**“We have lots of consultants working for [us] but E Co. stood out.”**  
**- World Bank**

This report was independently developed by E Co. consultants

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### About *GCF insight*

This survey and report is an initiative of E Co., emerging from work we are doing to develop low-carbon, climate resilient projects. E Co.'s team of consultants designed and administered the survey and prepared this report. E Co. has conducted this research independently and is not affiliated with the GCF, the GCF Secretariat or donors. The views expressed in this report are those of the authors and do not represent those of the GCF. Nothing in the interviews or any information or material relating thereto shall be construed as implying any official endorsement of or responsibility on the part of the Green Climate Fund.

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### PUBLISHING TEAM

Marcus Arcanjo  
Jessica Ginting  
Morna Isaac  
Dr Grant Ballard-Tremeer

With thanks to:

Stakeholders  
Cover illustration:  
Cindy Kang

### CONNECT WITH US

[ecoltdgroup.com](http://ecoltdgroup.com)

[amy@ecoltdgroup.com](mailto:amy@ecoltdgroup.com)

 [E Co.](#)

 [@ecoltdnews](#)