



Operation Manual on Green Climate Fund (GCF) for Sri Lanka

Ministry of Environment

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The Operation Manual provides simplified and practical guidelines to all stakeholders seeking to learn about the Green Climate Fund (GCF), its modalities and GCF procedures in Sri Lankan context.

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Acronyms

AE	Accredited Entity
CC	Climate Change
CF	Climate Finance
CN	Concept Note
CBO	Community-Based Organization
CBSL	Central Bank of Sri Lanka
CSO	Civil Society Organization
DAE	Direct Access Entity
DP	Delivery Partner
EE	Executing Entity
ERC	Expert Review Committee
ESS	Environmental and Social Safeguard
FAA	Funded Activity Agreement
FP	Funding Proposal
GCF	Green Climate Fund
IAE	International Access Entity
LDCs	Least Developed Countries
M&E	Monitoring and Evaluation
MFS	Monitoring of Funding at Scale
MSME	Micro, Small and Medium Enterprises
MTR	Mid-Term Review
NAP	National Adaptation Plan
NCCP	National Climate Change Policy
NDA	National Designated Authority
NDC	Nationally Determined Contributions
NPCC	National GCF-Projects Coordinating Committee
PEC	Project Evaluation Committee
PMU	Project Management Unit
PPF	Project Preparation Facility
PSC	Project Steering Committee
PSF	Private Sector Facility
REDD+	Reducing Emissions from Forest Degradation and Deforestation
RFP	Request for Proposals
SDG	Sustainable Development Goals
SES	Stakeholder Engagement Strategy
SIDS	Small Island Developing States
TRCA	Technical Review Committee for Accreditation
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar

Foreword

Sri Lanka became a party to the United Nations Framework Convention on Climate Change (UNFCCC) on 19th June 1992, ratified the same on 23rd November 1993. Further, as a country party to the UNFCCC process, Sri Lanka also ratified the Kyoto Protocol on 3rd September 2002, became a signatory to the Paris Agreement on 22nd April 2016 and ratified the same on 21st September 2016. As an operating entity of the financial mechanism of the UNFCCC and of the Paris Agreement, and as the world's largest multilateral climate fund, the Green Climate Fund (GCF) has been designed with a view to promoting the paradigm shift towards low-emission and climate-resilient development pathways. The GCF strives to achieve this by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.

The Government of Sri Lanka has designated the Ministry of Environment as its National Designated Authority (NDA) to the GCF. Therefore, there is a need for NDA to develop an effective coordination mechanism both at national and provincial level, and coordinate activities with the GCF Secretariat and accredited entities. Currently NDA of the Government of Sri Lanka is using the National Expert Committee on Climate Change Adaptation (NECCCA), and the National Expert Committee on Climate Change Mitigation (NECCCM) established under the Climate Change Secretariat of the Ministry of Environment, for technical review of project concepts and/or proposals submitted by any entity to NDA for issuance of no objection letters. There is a lack of methods and tools available for the aforesaid committees to review concepts or project proposals as well as mechanism of stakeholder engagement in the reviewing process for issuing of no-objection letters.

Supporting developing country parties in implementing their NAPs and NDCs by means of technology, capacity building and finance is extremely important and crucial to tackle climate change issues. The GCF as a main funding entity for the UNFCCC with a predicted resource of USD 100 billion a year from 2020 onwards, Sri Lanka considers GCF as an important funding source for the implementation of national climate action plans and to achieve the targets of UNFCCC and Paris Agreement on Climate Change. Therefore, this Operational Manual will be of immense importance as a guide to all stakeholders in GCF related activities in Sri Lanka, to help in effective coordination and ensure transparency in operation to support prospective stakeholders.

Dr. Anil Jasinghe
Secretary
Ministry of Environment

November 2021

Executive Summary

The Operation Manual (OM) provides simplified guidance for all operations of the GCF-related activities in Sri Lanka. There are 20 sections in the manual presenting key information, 10 annexes and a list of references giving supporting information.

The Green Climate Fund

The Green Climate Fund (GCF – Section 4) is a unique and the largest global fund dedicated to support developing countries in their fight against climate change, and plays a key role in serving the goals under the Paris Agreement to keep average increase in ambient temperatures below 2 °C. The GCF is designated as an operating entity of the United Nations Framework Convention on Climate Change (UNFCCC) financial mechanism.

The GCF channels Climate Finance (CF) providing a unique opportunity to tap both **public** and **private** finance flows (Section 4.2), seeking to engage across sectors to unlock high impact and paradigm shifting climate investments. The GCF is able to offer and combine a full range of financing instruments, including grants, concessionary loans, equity, and guarantees to design bespoke solutions that tackle specific investment barriers.

Institutional Setup for Access and Operation of GCF Activities

The **National Designated Authority** (NDA – Section 5), which is the Ministry responsible for the subject of Environment in Sri Lanka, is the primary institutional contact point for the GCF within the country and in charge of coordinating national engagement and processes around its financed activities as well as stakeholder participation. The NDA represents the interests and priorities of Sri Lanka when providing Letters of Nomination (Section 6.1), and No Objection Letters (Section 8, Sections 9 and 10), and approval for readiness programs (Section 11) under GCF.

The **Accredited Entities** (AE – Section 6.1) are national, regional or international organizations that become accredited with the GCF to elaborate and submit funding proposals (FPs) or programs, and may implement approved projects in developing countries. There are two types of GCF Accredited Entities;

(1) **Direct Access Entities** (AE Section 6.1)

The Direct Access Entities (DAEs) are sub-national, national or regional organizations that need to be nominated by the NDA.

(2) **International Access Entities** (Section 6.1.1)

The International Access Entities (IAEs) include United Nations Agencies, multilateral development banks, international financial institutions, International Non-Governmental Organizations (INGOs) and regional institutions that are directly accepted by the GCF.

The **Executing Entities** (EE – Section 6) are national governmental, non-governmental or private sector institutions selected by the AE to support the implementation of activities financed by the GCF. Both AEs and EEs are implementing agencies (IEs). The non-accredited entities can submit FPs to GCF in partnership with the AEs.

Accreditation Categories

The GCF Accredits Entities by specifying the types of projects and programmes of those AEs (DAE or IAE) can submit for funding and implement (Section 6). The accreditation scope defines three main areas namely, the size of project/program activity that they could propose, the financing modalities that they could apply, and the ESS (Section 12) categorization of projects that they could implement. Each AE should have a set of fiduciary principles and standards that are equivalent to the GCF fiduciary principles and standards. Therefore, the AEs can only submit FPs up to the size for which they have been accredited as follows.

Micro:	Up to USD 10 million
Small:	Up to USD 50 million
Medium:	Up to USD 250 million, and
Large:	USD 250 million and above

Concept Notes (CN) Development

A concept note (Annex 3) helps the prospective proponent to confirm from the GCF Secretariat whether the intended project is aligned with the funding criteria of GCF (Section 7). The concept notes prepared will be evaluated by the NDA Core Group and the Project Evaluation Committee (PEC) appointed by the NDA to make recommendations to the NDA (Section 8, Annex 4). A No Objection Letter from the NDA is required for CNs to be submitted to GCF by the AE.

Project Preparation Facility (PPF) for Approved Concept Notes

The GCF provides support for proposal preparation through the Project Preparation Facility (PPF – Section 9) especially targeted at DAEs, and for micro-to-small size category projects. The PPF is available to all AEs with a GCF-approved CN, and preference is given to DAEs submitting projects under the micro- to small-size categories (up to USD 10 million). The grant is capped at 10% of total funding requested, or a maximum of USD 1.5 million.

GCF-Funding Proposal (FP) Development

Two options are provided by the GCF to submit FP (Figure 1);

- (1) A one-step process where a project proponent directly develops a full FP and submits it to the GCF for consideration through the NDA.
- (2) A two-step process, where a concept note, which is optional, is developed and submitted by the project proponent with or without the involvement of an Accredited Entity (AE), through proper channels for feedback from the GCF secretariat to improve the full proposal to align with the GCF criteria and increase chances of being approved.

The Template for GCF Funding Proposal

A comprehensive understanding and a considerable level of research and consultation are required in developing a GCF-FP. The FP template (version 2.0) includes eight sections as follows (Annex 5):

- (a) Project/programme summary,
- (b) Project/programme information,
- (c) Financing information,
- (d) Expected performance against investment criteria,
- (e) Logical framework,
- (f) Risk assessment and management,
- (g) GCF policies and standards, and
- (h) Other relevant documents as annexes

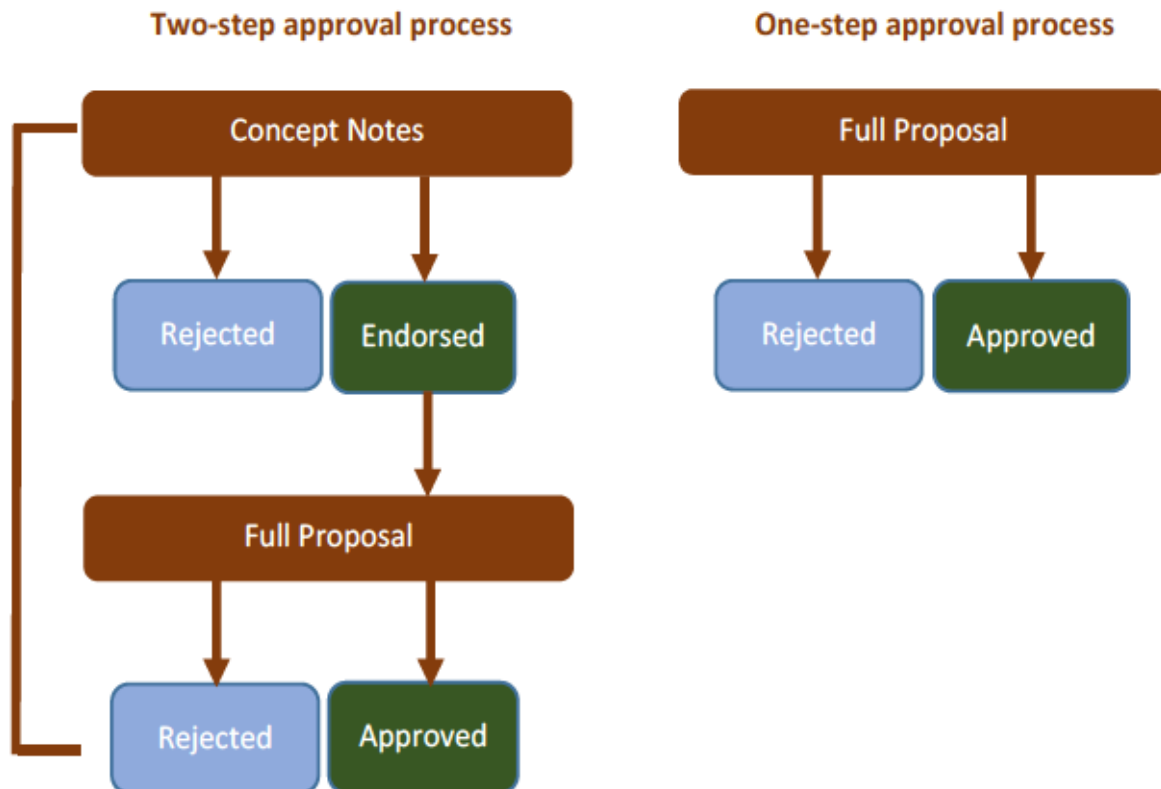


Figure 1. The summary of the project approval process by the GCF (adopted from GCF infographics)

Ten Key Steps in Developing a Funding Proposal to GCF

Ten guiding steps (Section 7.7) for the project proponents for the preparation and submission of a fully-fledged FP (Section 10) are illustrated in Figure 2. The channeling of finances should be in accordance with the Circular No. ERD/SE/GEN/16 dated 2nd October 2020, issued by the Ministry of finance of the Government of Sri Lanka.

Co-financing of GCF-funded Activities

The proponents of GCF-funded activities (Section 7.9), whenever possible, should seek to incorporate appropriate levels of co-financing to maximize the impact of GCF Proceeds, as determined on a case-by-case basis. There is no minimum amount of Co-financing required for a funded activity, and no specific sources of Co-financing that must be complied with.

Process of Issuing No Objection Letters for Concept Notes, PPF and GCF-Funding Proposals

The NDA will issue No Objection Letters for CN (Section 8), and No Objection Letters for PPF (Section 9, Annex 4) and GCF-FP (Section 10, Annex 6).

The CNs, and GCF-FPs will be evaluated by the NDA Core group (Section 5.2) and PEC (Section 19.2) appointed by the NDA to make recommendations to the NDA on the issuance of No Objection Letters for Concept Notes (Section 8) and PPF (Section 9) and GCF-FPs (Section 10).

The GCF Readiness proposals

Only NDA is authorized to submit readiness proposals to GCF (Sections 11). The proposal preparation should be led by the NDA through an extensive stakeholder engagement (Ref. SES).

Simplified Approval Process

The GCF has adopted a Simplified Approval Process (SAP – Section 7.5) to allow for quick review, approval and disbursement of funding for projects that are ready for scaling-up, which are of low environmental and social risk (Category C) and small (US\$ 10 million). The process is particularly directed to DAEs to encourage them to submit FPs.

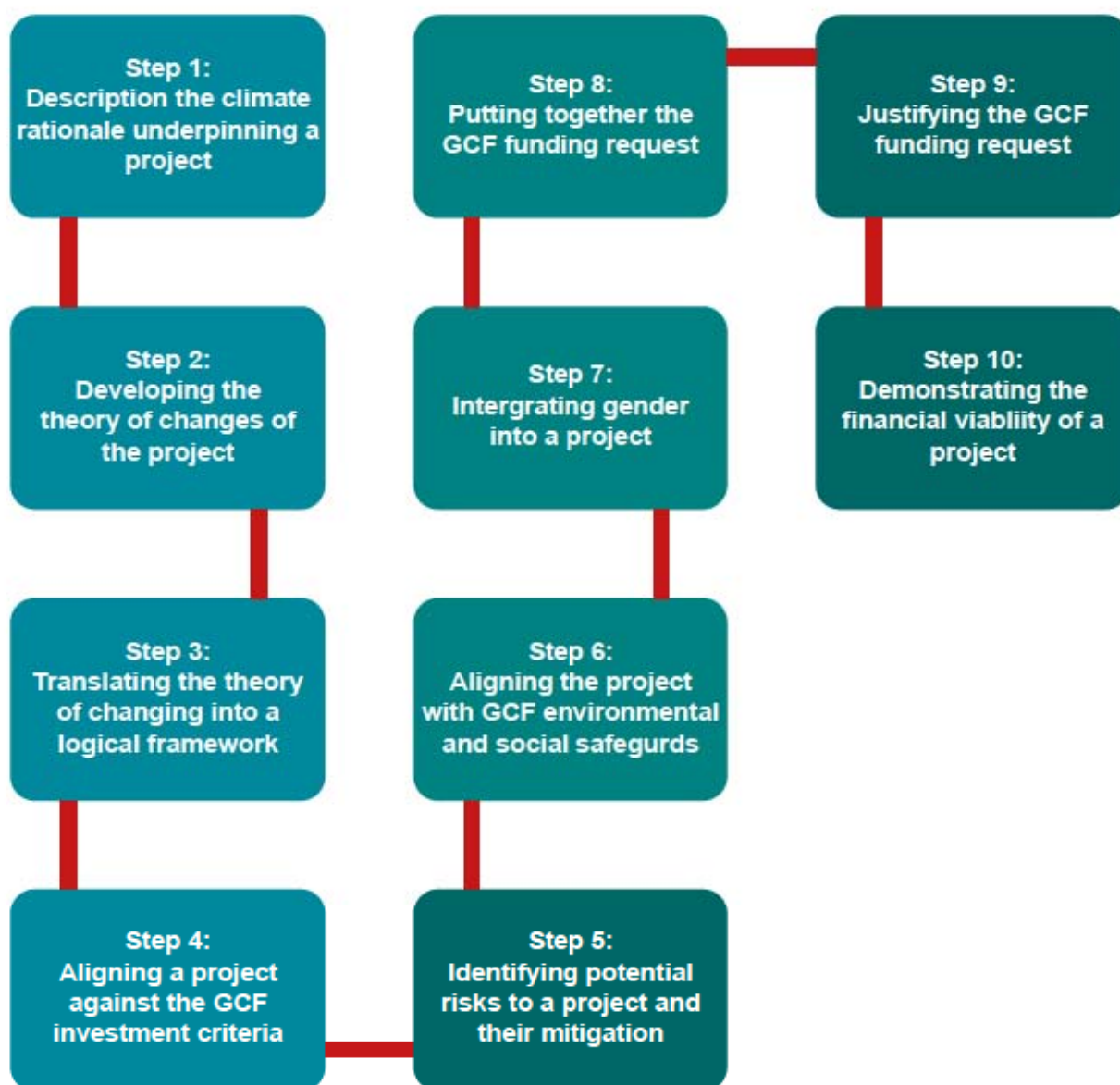


Figure 2. Ten steps to adopt in developing a GCF-funding proposal (adopted from GCF infographics)

Approval process by GCF

The accreditation, CNs, PPF, GCF-FP and Readiness Proposals will be approved by the GCF Secretariat and GCF board following an established transparent process (Section 13), which also consumes a considerable amount of time.

Implementing GCF-Funded Projects

With the approval granted by the GCF Board for a FP, a Funded Activity Agreement (FAA) will be signed between the GCF and the AE (DAE or IAE) responsible for the implementation of the project (Section 14) with the engagement of the stakeholders (Section 16), providing the legal framework for the operation. Further, completion of the legal documentation between the NDA and the AE will be required in Sri Lanka in order for the FAA to become effective. Following activities will help in smooth operation of the project:

- The NDA to appoint a National GCF-Projects Coordinating Committee (NPCC) (Section 14.1) and AE to appoint a Project Steering Committee (PSC; Section 19.4) to coordinate implementation of the approved FP. The NPCC also act as a decision-making body to ensure that the GCF-approved proposals deliver its outputs and achieve its outcomes.
- The NDA is primarily responsible for the M&E of the GCF-funded projects with the help of the AEs and will report to the GCF (Sections 17 and 18) according to the M&E plan of the approved GCF-FP
- The AEs to submit the Inception Report and the Annual Performance Reports (APRs), mid-term and Final Evaluation Reports to the NDA and with the approval of the PSC.
- Continuous Monitoring and Evaluation of the implemented GCF-funded project will be done by an **Independent M&E Committee** appointed by the NDA, and the GCF guidelines and the general terms and conditions applicable to GCF-funded activities as outlined in the Accredited Master Arrangement (AMA) between the AE and GCF.

Frequently Asked Questions (FAQs)

The FAQs in relation to GCF projects in Sri Lanka are identified in Annex 10.

Glossary of Terms

- 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 (AE):** An institution accredited by the GCF Board to access funding. These institutions will go through a process of accreditation, designed to assess whether they are strongly capable of financial management and of safeguarding funded projects and programs against any unforeseen environmental or social harm. An accredited entity could be national or regional or multilateral institution. It can be government, non-governmental or private.
- Adaptation:** Adjustments to ecological, social and economic systems in such a manner as to build resilience of human communities and natural ecosystems so as to moderate or minimize potential damage or to benefit from opportunities associated with climate change.
- Climate Change:** A change in an average weather condition in addition to natural climate variability observed over comparable period, generally of 30 years, which is attributed directly or indirectly to human activities that alters the composition of the global atmosphere.
- Climate Finance (CF):** 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-governmental organization as loan, grant and co-finance.
- Co-financing:** Refers the financial resources required, whether public finance or private finance, in addition to the GCF proceeds, to implement the funded Activity for which a Funding Proposal has been submitted;
- Country Program:** A GCF Country Program 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 programs are to be developed, the type of entity to partner with, and the readiness and project preparation support needs required.
- Delivery Partner:** Institutions selected by the National Designated Authority (NDA) or focal point to implement activities approved under the Readiness and Preparatory Support Program. 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 GCFs resources through national or regional accredited entities directly without intermediaries, such as bilateral and multilateral, to implement projects/ programs.
- Direct Access Entities (DAE):** National institutions accredited by GCF Board that can access and manage funds to undertake projects/programs funded by GCF such as government institutions, public sectors, bank and financial institutions and civil society organizations.
- Expression of Interest (EOI):** A letter issued by the NDA to an accredited entity towards preparation of concept note for GCF.
- Environmental and Social Safeguards (ESS):** Measures undertaken to prevent and mitigate possible undue harm of GCF funded projects/programs to people and environment.
- Executing Entity (EE):** An institution responsible for the execution/implementation of projects/programs 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 (FP):** A proposal developed by accredited entities to access and manage GCF fund to undertake projects/programs
- Gender Policy (GP):** The GCF Gender policy 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 GCF activities, whether implemented by international, regional, national or subnational, public or private entities or institutions that access GCF resources.
- Green Climate Fund (GCF):** A financial mechanism of the UNFCCC established to help developing countries in achieving a paradigm shift to low-carbon pathways and increased climate resilient development. It supports projects, programs, policies and other activities in the developing country parties to UNFCCC.
- International Access Entity (IAE):** Accredited entities with GCF that are expected to mobilize and manage GCF finance at global level such as the UN Agencies, Multilateral Development Banks and other international organizations
- Investment Criteria:** A set of criteria adopted by GCF to assess the FPs submitted by accredited entities or Director Access entities.
- Mitigation:** Efforts to reduce or prevent emission of greenhouse gases.
- National Designated Authority (NDA):** A focal point within a country for engaging with the GCF. It is a government-designated institution in a country with the role of facilitating interface and function as the main point of communication between the country and the GCF.
- National Adaptation Plan (NAP):** The United Nations Framework Convention on Climate Change (UNFCCC) established the national adaptation plan (NAP) process to facilitate adaptation planning in least developed countries (LDCs) and other developing countries
- Nationally Determined Contributions (NDCs):** The 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 NDA or focal point to aspirant entities seeking GCF accreditation. Entities applying for accreditation need to submit such nomination letter as a part of their application for accreditation.
- No Objection Letter (NOL):** A letter issued from a NDA or focal point confirming that it has no objection to a FP submitted on behalf of its country by an accredited entity.
- Paris Agreement:** Paris Agreement is an international agreement agreed at the 21st Session of the Conference of Parties (COP21) of the United Nations Framework Convention on Climate Change held in November 2015 in Paris, France. It aims to strengthen the global response to

the threat of climate change by keeping a global temperature rise well below 2 degree Celsius above pre-industrial level in this century and to pursue efforts to limit the temperature increase even further to 1.5 degree Celsius. Paris Agreement came into effect on 4th November 2016.

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.

1. Purpose of the Operation Manual

This Operation Manual (OM) has been designed to provide technical and practical guidance on the procedures to be adopted during its operations on GCF in Sri Lanka. The OM will serve as a reference guide and a training manual, and is expected to strengthen the operational efficiency, effectiveness and transparency in operations of the GCF. The OM is a living guide with intended provisions for amendments as new lessons learnt and in response to new GCF procedures and requirement without prejudicing the interests of the approved Project implementation.

The OM is intended for the various actors in climate-related activities in Sri Lanka including;

- (a) NDA staff,
- (b) Public Sector: including Ministries, Departments, Agencies and Authorities at national and sub-national levels, Research and Development Institutes, and Universities,
- (c) Private Sector: including Banks, Investors, Non-profit Companies, Technology and Business Service Providers, and
- (d) Civil Society Organization (CSO): including Non-Governmental Organizations (NGO), community-based organizations and beneficiary communities.

2. Introduction:

The growing recognition of the urgency to act on climate change and the importance of financing for development heighten the need to ensure that finance is effectively allocated, disbursed and delivered. A key benchmark for Climate Finance (CF) is the commitment taken by developed countries under the United Nations Framework Convention on Climate Change (UNFCCC) to mobilize USD 100 billion annually in support for developing countries to act on climate change, through a range of sources, including public and private, bilateral and multilateral.

The Green Climate Fund (GCF) is a financing mechanism set up in 2010 under the United Nations Framework Convention on Climate Change (UNFCCC). The GCF aims at making a significant and ambitious contribution towards internationally agreed goals to combat climate change. The flow of international climate finance to developing countries via the GCF is projected to increase significantly as developed countries move to meet their climate finance commitments under the UNFCCC.

Ministry of Environment, as the National Designated Authority (NDA; Section 5) of the Government of Sri Lanka to facilitate the operational activities related to GCF in the country has been established. The NDA will engage with various national stakeholders comprising state, private sector, Civil Society Organizations (CSOs), etc. to ensure compliance with the scope mandated by GCF. The NDA will facilitate providing policy guidance, decision making and providing technical inputs on GCF-related activities in Sri Lanka. With clearly defined and structured administrative set up at national, provincial, and local levels in Sri Lanka, the NDA shall follow governance mechanisms engaging with multiple stakeholders [*A stakeholder Engagement Strategy (SES) is presented separately as a*

supplement to the OM] through multi-tiered governance structures in Sri Lanka for climate financing. This is expected to contribute to the broader scope of a long-term vision on climate finance in Sri Lanka.

Existing mechanisms and structures currently in place will be utilized to ensure sustainability, reduced duplication of efforts, and coherence in operations. As the GCF structure recognizes inclusiveness and promotes environmental and social safeguards (including gender) as important for the GCF engagement process, the national governance mechanism shall facilitate decision making and coordination aligning with such criteria by providing clear mandates on role and responsibilities to the respective stakeholders.

3. Sri Lanka Country Priorities on Climate Change

Sri Lanka Country Program to the GCF to tackle climate impacts will be based on the (1) National Adaptation Plan (NAP) 2016-2025 and (2) Nationally Determined Contributions (NDCs) developed based on the National Climate Change Policy of Sri Lanka, 2012.

- (1) **National Climate Change Policy of Sri Lanka** - The National Climate Change Policy (NCCP) provides a set of guiding principles followed by broad policy statements under Vulnerability, Adaptation, Mitigation, Sustainable Consumption and Production, Knowledge Management and General Statements¹. The elements identified in the NCCP of Sri Lanka is directly linked to the main GCF goals (Table 1)

Table 1. Adaptation and Mitigation Elements in the NCCP in Sri Lanka and their linkages to GCF goals.

Adaptation		Mitigation	
NCCP*	GCF goal	NCCP	GCF goal
Food production and food security	Health, Food and Water Security	Energy	Energy generation and Access
Conservation of water resources and biodiversity	Health, Food and Water Security, and Ecosystems and Ecosystem Services	Transportation	Transport
Human Settlement and Land Use Planning	Livelihood of People and Communities, and Ecosystem and Ecosystems Services	Industry	Building Cities, industries and Appliances
Infrastructure design and Development	Infrastructure and Built Environment	Waste Management	Energy Generation and Access
Coastal Resources Management	Ecosystem and Ecosystems Services	Agriculture and Livestock	Forest and Land Use

*NCCP: National Climate Change Policy of Sri Lanka 2012

¹ http://www.climatechange.lk/CCS%20Policy/Climate_Change_Policy_English.pdf

(2) *National Adaptation Plan for climate change impacts in Sri Lanka (NAP)* - The NAP of Sri Lanka² has focused on nine sectors *viz.* food security, water, coastal, health, human settlements, bio-diversity, tourism & recreation, export agriculture and industry-energy-transportation. The cross-cutting areas that are prioritized under the NAP are policy, legal, economic & governance issues, Institutional development & coordination, International cooperation, Resource mobilization, Research & development, Skills & training needs and Technology transfer and standards.

Under the broader policy direction and strategy of mainstreaming climate change into development process, CCS and NDA provide support to develop Provincial Climate Action Plans (Sub-national plans). The GCF-NAP readiness support received by the NDA would strengthen the related activities.

(3) *Nationally Determined Contributions* - Sri Lanka submitted its updated Nationally Determined Contributions (NDCs) ahead of the 26th Conference of Parties (COP) of UNFCCC. The NDCs of Sri Lanka covers five main areas aligning with the NCCP *viz.* mitigation, adaptation, loss & damage, integrating sustainable development goals and gender to the NDCs, and means of implementation.

² <https://www4.unfccc.int/sites/NAPC/Documents%20NAP/National%20Reports/National%20Adaptation%20Plan%20of%20Sri%20Lanka.pdf>

³ <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Sri%20Lanka%20First/NDCs%20of%20Sri%20Lanka.pdf>

4. The Green Climate Fund

The Green Climate Fund (GCF) is the world's largest dedicated fund helping developing countries to reduce their greenhouse gas (GHG) emissions and enhance their ability to respond to climate change. The GCF has a crucial role in serving the Paris Agreement, supporting the goal of keeping the average global temperature rise well below 2 °C by the year 2100. It does this by channeling Climate Finances (CF) to developing countries that have committed to climate action. With well-defined key features,³ the GCF funds the projects and programs that are in line with the National Climate Change Policies and priorities of the countries. The proposed projects or programs submitted must fall into one of the four GCF project size categories as specified in the GCF Programming Manual (2020)⁴. The GCF funding windows are illustrated in Figure 3.

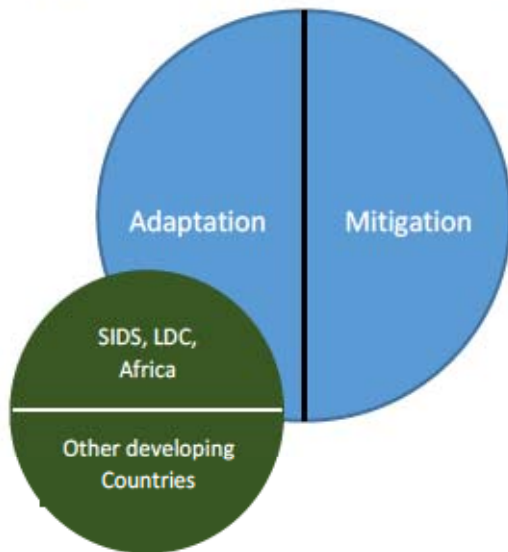


Figure 3. The GCF funding windows (Designed based on GCF infographics)

The financial mechanisms adopted by the GCF are described under Table 2 and the access modalities and eligibility levels of GCF funding are presented in Table 3.

Table 2. Financial instruments under GCF⁵

Instrument	Description
Grants	<ul style="list-style-type: none"> • There is no repayment of resources that are channeled through GCF to fund investments. Grants can be provided up-front or disbursed through an incentive-based schedule after achieving specific goals. • Finance activities such as information generation, data analysis, development and capacity building of national institutions for robust policy reform and priority setting. • Reimbursable or non-reimbursable. Reimbursable grants are assimilated to

⁴ <https://www.greenclimate.fund/about#key-features>

⁵ GCF Programming Manual (2020). <https://www.greenclimate.fund/document/programming-manual>

⁶ <https://www.greenclimate.fund/sectors>

	loans and are provided for investment purposes, with the expectation of long-term reflows at conditions specified in the financing agreement. Non-reimbursable grants are standard transfers made in cash, goods or services for which no repayment is required.
Concessional loans	<ul style="list-style-type: none"> • Up-front transfer of resources from one party to another with the agreement that the money will be repaid on conditions more favorable than market (Soft Lending). • Often includes a grant component that can be quantified based on how favorable the lending terms are (the 'grant element' of the loan).
Guarantees	<ul style="list-style-type: none"> • Commitments in which a guarantor undertakes to fulfil the obligations of a borrower to the lender in the event of non-performance or default of its obligations by the borrower, in exchange for a fee, for the entire investment or a part (partial guarantee).
Equity	<ul style="list-style-type: none"> • Investment in a project or asset to leverage debt and achieve better returns.

Table 3. Access modality and eligibility levels for GCF funding⁶

Access modality and Eligibility	Description
Access Modality	The GCF resources can be accessed by Direct (National) Access Entities (DAEs) and International Access Entities (IAEs). The direct access modality includes national and regional entities. The international access modality includes accessing resources from accredited international entities including UN agencies, multilateral development banks, international financial institutions and regional institutions.
Country Eligibility	All developing country parties to the UNFCCC are eligible to receive resources from the GCF.
Institutional Eligibility	The GCF works with a wide range of DAEs and IAEs to channel resources to projects and programs. Such entities may be national, sub-national and international. Each entity should have policies, procedures, guidelines, etc., on par with GCFs fiduciary standards, environmental and social risks, and gender policy.
Sector Eligibility	The GCF specifically has provisioned the Private Sector Facility (PSF) for private sector activities. The NDA needs to ensure that the accredited private sector interests are aligned with national climate policies and priorities. PSF has special focus on Micro, Small and Medium Enterprises (MSMEs) in developing countries.

⁷ <https://www.greenclimate.fund/accreditation>

4.1. Operational Documents in GCF related Activities

A comprehensive list of operational documents is found in the GCF website⁷. A brief summary of key GCF policy documents that requires special attention are provided in the Annex 10.

4.2. Financing the Public and Private Sector Projects

The GCF considers a project as **public** (public sector) if all financial resources, other than the GCF proceeds, that the contribution for implementation from the public sector entities are more than 50% and/or controlled by the public sector. A project could be considered **private** (private sector) when all financial resources, other than the GCF proceeds, that are provided for its implementation from financing entities are more than 50% owned and/or controlled by private shareholders⁸.

4.2.1. Public Sector Projects

The GCF finances for public sector projects are extended to public sector entities, such as state-owned enterprises, and may include grants and loans.

4.2.2. Private Sector Projects

The Private Sector Facility (PSF) – the private sector arm of the GCF – has been setup to maximize private sector engagement to provide transformational solutions and catalyze private finance that supports climate change mitigation and adaptation projects in developing countries. The PSF provides equity, grants, concessional loans and guarantees through a variety of financial instruments and structures to de-risk investment; bundle small projects into larger portfolios; support capacity-building; develop public-private climate-resilient infrastructure; and encourage innovation. Under the PSF, the GCF has catalyzed private finance by issuing Requests for Proposals (RFPs), and has a special focus on LDCs, SIDS, and African States. The PSF comprises two alternative mechanisms:

(a) Mobilization of Funding at Scale (MFS)

The Mobilization of Funding at Scale (MFS) aims at using private finance to work with local MSMEs. The objective is to unlock innovative solutions for tackling climate change, in particular on adaptation, using requests for proposals to which all AEs able to demonstrate a track record of successfully working with and financing MSMEs those can respond to climate change.

⁸ https://www.greenclimate.fund/publications/documents?f%5B0%5D=field_subtype%3A348

⁹ <https://www.greenclimate.fund/sectors>

(b) Micro-, Small-, and Medium-sized Enterprises (MSMEs) pilot programs⁹.

This uses private finance to work with local MSMEs to unlock innovative solutions for tackling climate change, in particular on adaptation, using RFPs to which all AEs that can demonstrate a track record of successfully working with and financing MSMEs can respond. This aims mobilizing funds at scale from institutional investors such as commercial banks, investment funds, insurance companies, pension funds and sovereign wealth funds. To engage with these institutional investors, the fund intends to develop a range of investable financial products, some of which include green bonds, commercial paper, syndications and club deals. Institutional investors can benefit from these products, which can help them to raise additional third-party capital for climate-related investments.

¹⁰ https://cdkn.org/resource/report-bangladesh-green-climate-fund/?loclang=en_gb

5. National Designated Authority for GCF Activities in Sri Lanka

The GCF requires the governing states to adopt a country-driven approach in coordination with national stakeholders, support developing countries partners, exercise ownership of climate change funding, and align financing with national policies and priorities. In this context, the GCF requires that the National Designated Authority (NDA) or Focal Point be established in each developing country party to the UNFCCC, pursuant to paragraph 46 of the Governing Instrument for the GCF to serve as the interface between each country and GCF. The NDA provides broad strategic oversight of the GCF's activities in the country and communicates the country's priorities for financing low-emission and climate-resilient development. In this regard, the Government of Sri Lanka has identified the Ministry of Environment as the NDA. The NDA/focal point plays a key role throughout the GCF-related activities, ensuring country ownership and a country-driven approach, which are core principles of the GCF business model.

5.1. Role and Responsibilities of the NDA

The NDA will provide the required leadership in coordination, consultation, and conducting multi-stakeholder forums to engage in raising awareness on GCF processes and capacity development needs, documenting lessons learnt, and facilitating opportunities for shared learning with other countries. The NDA will facilitate and align the accreditation process with country priorities and identify DAEs with the appropriate financial capacity to deliver country priorities to benefit from the GCF fit for accreditation process, assist in development of Concept Notes and GCF-FPs and the implementation of GCF-funded projects/programs in Sri Lanka by engaging with the AEs to align the FPs with national strategic priorities. Table 4 summarized specific role and functions of the NDA.

Table 4. Roles & functions of the NDA of Sri Lanka in GCF-related activities¹⁰

<p>Role and functions of the NDA</p>	<p>Role:</p> <ul style="list-style-type: none"> • Overall management of climate investments: Full integration of climate concerns in respective National, provincial and local level development plans, policies and strategies while manage GCF investment process in Sri Lanka aligning with the eight results areas and five cross cutting investment priorities of GCF. • Strengthen communication: NDA will lead, facilitate communications and coordination between GCF and country level, especially on climate change-related actions and priorities with respect of country ownership and country driven approach • Reinforce coordination and facilitation: Coordination of national and subnational level actors on climate change, including accredited entities (multilateral and DAEs, and strategic planters) and facilitation with regards to the formulation implementation, monitoring and evaluation of climate change mitigation/adaptation projects, actions and strategies • Raise awareness and capacity building: These roles will be focused on national and sub-national level actors of GCF
	<p>Functions:</p> <ul style="list-style-type: none"> • Establish a procedure to nominate DAEs for accreditation by GCF: A procedure to nominate public, private and CSO entities as accredited entity to the GCF will be developed and adopted by the NDA • Ensure that GCF financing actions are aligned with national strategies and policies – The activities will be carried out according to the UNFCCC and Paris Agreement, with emphasis on the NDCs, NAP and the National SDG targets representing the national strategies and policies • Establish relevant supporting committees to facilitation GCF-related activities: Appoint NDA Core Group, Expert Review Committee (ERC), Project Evaluation Committee (PEC), Technical Review Committee for Accreditation (TRCA), and respective Project Steering Committees (PSCs) • Establish and implement no-objection procedure: The procedure to issue no objection letters for Concept Notes, GCF-approved Concept Notes to Access Project Preparation Facility, and GCF-funding proposal will be established and adopted. • Prepare and implement the GCF country programme: The GCF Country programme will be developed with the support of stakeholders at all levels and strategic partners to contribute to the achievement of climate change targets aligning national priorities (NDCs, NAPs and SDGs) with GCF investment criteria. The programme will identify the opportunities to use Climate Finance as a catalyst for enhanced climate actions. • Support development of a pipeline of projects: The pipeline of projects

¹⁰ <https://www.greenclimate.fund/sites/default/files/document/gcf-programming-manual.pdf>

will be developed aligning with the GCF Country Programme in consultation with the key stakeholders and strategic partners to prioritize high-impact climate adaptation/ mitigation projects for GCF funding thereby supporting AEs and private sector entities to develop projects and assisting in issuing No Objection Letters

- **Progress evaluation:** Oversee implementation of projects and programmes funded by GCF in their respective sector to ensure paradigm shift in climate action are happening using GCF resources.

5.2. NDA Core Group

A NDA Core Group, established comprising the Heads of divisions of the NDA, will play a supporting role for the NDA to perform its key role and responsibilities. The NDA Core Group will ensure collective and collaborative program planning and implementation by the NDA with shared responsibility in implementation of GCF-related activities in Sri Lanka. By establishing the Core Group, the NDA adopts a comprehensive approach to deal with climate change challenges in the country and in compliance with international obligations.

5.2.1. Role of the NDA Core Group

The role of the NDA Core Group is presented in Table 5.

Table 5. Role of the NDA Core Group in GCF-related Activities

Role of the NDA Core Group	<ul style="list-style-type: none"> • Provide inputs policy guidance to the NDA on emerging national and sectoral CF issues and priorities • Provide strategic direction for domestic & international investments in climate • Provide oversight on the country readiness program, including the medium-term engagement strategy • Assess the progress of implementation of OM, SES and other NDA-related documents and activities, and play supporting role where necessary (Table 4) • Advise and provide recommendations, and support implementation of NDA activities for a climate resilient to development in Sri Lanka • Facilitate the coordination among relevant ministries to prioritize areas/projects for GCF funding in line with the national policy and strategies • Facilitate creation of an enabling environment for policy and institutional reforms to address policy, capacity and institutional gaps • Provide support and guidance to DAEs, including private sector in developing priority projects for Sri Lanka
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Meetings of NDA Core Group will be conducted as follows;

- (1) Director/CCS will convene and be the official Secretary to the NDA Core Group meeting.
- (2) The NDA Core Group meeting will be chaired by the Secretary of the Ministry (NDA).
- (3) The NDA Core Group will meet quarterly
- (4) Additional meetings are to be held under the discretion of the Secretary of the Ministry as and when needs arise.

Capacity of the NDA Core Group in supporting GCF-related activities are presented in Supplementary Table S1. The NDA activities will be supported by the Expert Review Committee (ERC; Section 19.1, page 49), Project Evaluation Committee (PEC; Section 19.2, page 50), Technical Review Committee for Accreditation (TRCA, Section 19.3, page 52), and Project Steering Committees (PSC; Section 19.4, page 53) that will be established for each and every project funded by the GCF. Figure 4 illustrates the overall structural integration and coordination mechanism of the NDA with GCF actors.

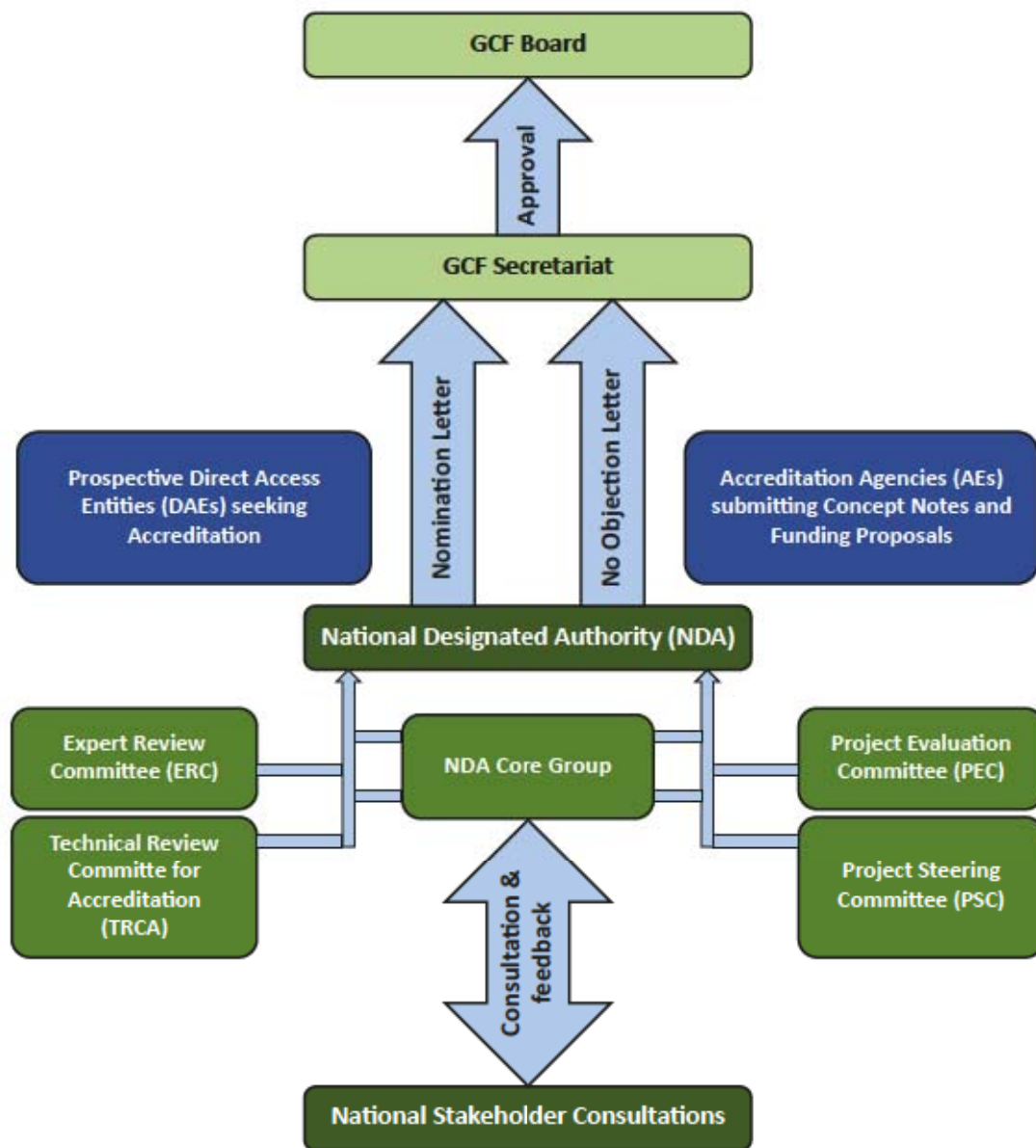


Figure 4. The overall structural integration and coordination mechanism of the NDA with GCF actors

6. Accreditation and Nomination Procedures for DAEs and IAEs

An Accredited Entity (AE) is an institution that is accredited by and accountable directly to the GCF's Board for the overall management of projects such as developing and submitting FPs, as well as for the financial, monitoring and reporting aspects of project activities. In general, an AE may be public or private and include the following two categories:

- (1) **Direct Access Entities (DAEs)**, which correspond to national, subnational, or regional entities. They may include national ministries or government agencies, national development banks, national climate funds, national commercial banks, other national financial institutions, etc.; and
- (2) **International Access Entities (IAEs)**, which may be bilateral, multilateral or regional entities. They may include bilateral development agencies, multilateral development banks, United Nations agencies, regional development banks, intergovernmental organizations, international non-governmental organizations, etc.

The IAEs can implement projects and programmes in one or more developing countries with GCF funding. In contrast, DAEs can only propose projects to be implemented in the respective countries. A significant number of IAEs are active in Sri Lanka where they collaborate with NDA and national governments.

Executing Entities: The Executing Entities (EEs) are institutions/organizations, including some from civil society that implement GCF projects or programmes under supervision of the AEs. The EEs do not need accreditation by the GCF, but are chosen by and cooperate directly with the AEs of the respective FPs. The GCF requires AEs to conduct a due diligence screening of EEs and to establish the necessary processes so they can ensure that EEs also adhere to the GCF standards.

The main functions of the AEs and EEs are presented in Table 6.

Table 6. Role of AEs and EEs in GCF-related activities

Type of Entity	Role
Accredited Entity	Developing and submitting FPs for projects and programmes
	Overseeing project and programme management and implementation
	Deploying and administering a range of financial instruments (grants, concessional loans, equity and guarantees)
	Mobilizing private sector capital for blending with GCF and/or own resources
	Responsible for the overall management, implementation and oversight of funded activities in line with GCF standards and legal agreements.
	Ensure prudent and judicious use, administration and management of GCF proceeds
	Ensure compliance with the monitoring, evaluation and reporting responsibilities of each funded activity in line with the legal agreements
	Ensure that their obligations under the legal agreements with GCF are passed on to their executing entities, including monitoring, reporting and verifying that GCF standards, safeguards and policies are upheld by their executing entities when implementing GCF projects and programmes
Executing Entity	Developing and submitting FPs for projects & programmes through AEs
	Executing FPs
	Working under supervision and overall management of the AE

The GCF uses a 'fit-for-purpose' accreditation approach to enable a wider range of entities with different levels of existing capacities to gain accreditation. Entities can qualify for different levels of accreditation, depending on their ability to demonstrate a track record of fiduciary standards and ESS, and have the competencies, and procedures to perform activities in line with the GCF's financial standards, Gender Policy (GP) and Indigenous People's Policy (IPP).

The GCF accreditation scope specifies the types of projects and programmes they can submit for funding and implement, which is based on the capabilities, track record, and internal policies and procedures of the AE, and defines three main areas for the AE: the size of project/programme activity that they could propose, the financing modalities that they could apply, and the ESS categorization of projects that they could implement.

In terms of financing modalities, each AE is required to have a set of fiduciary principles and standards that are equivalent to those of the GCF fiduciary principles and standards, and the AE should have the capacity to apply the related principles and standards in the development and implementation of GCF-financed projects and programmes. The following fiduciary standards are used for the accreditation of an AE;

- (a) Basic fiduciary standards on key administrative and financial capacities, and transparency and accountability,
- (b) Specialized fiduciary standards for project management,

- (c) Specialized fiduciary standards for grant award and/or funding allocation mechanisms, and
- (d) Specialized fiduciary standards for on-lending and/or blending for loans, blending, equity and/or guarantees.

The project/programme activity size to which the AEs can submit FPs is based on the category in which the GCF has done the accreditation. The AEs are accredited for four size categories¹¹. If AEs wish to change their accreditation scope and category, they have the option of applying for an upgrade of their accreditation status through the accreditation process before submitting such a FP to GCF.

6.1. Becoming a Direct Access Entity

The DAE are national, provincial (sub-national), or regional organizations that need to be nominated by the NDA. Entities that are nominated to become DAEs may be eligible to receive GCF readiness support.

A prospective DAE must receive formal approval from the NDA through nomination. It is recommended that the NDA continuously reviews and appraises the initial DAE nomination procedure. Prospective entities that could be accredited to be GCF in Sri Lanka include public sector, private sector including banks, and the CSO sector.

6.1.1. The Procedure of Nomination of the DAE in Sri Lanka

The procedure to nominate public, private and CSO entities as accredited entity to the GCF by the NDA of Sri Lanka is presented in Table 7. The documents to be submitted by the prospective DAE are as follows;

- (a) Request for nomination letter for GCF accreditation
- (b) Statement of purpose reflecting entity's vision of how it intends to use GCF funds and the value it can add to GCF and national objectives;
- (c) Documents demonstrating understanding of (i) the accreditation standards and requirements, & (ii) the application process, and
- (d) Document confirming legal status of applicant,

Once the legal arrangements are concluded, and the entity is accredited, the AEs can submit a proposal to the GCF. The time taken to become accredited varies depending on the degree of preparedness of the applicant entity and the modality for which it is applying.

The AEs will develop FPs to be considered by the GCF and oversee, manage and monitor their respective GCF-approved projects and programs.

¹¹ <https://www.greenclimate.fund/about#key-features>

Table 7. The iterative steps for accreditation of DAEs



GCF Accreditation Stages	Step 1. Prospective DAE self-assesses eligibility	Step 2. Prospective DAE requests for a nomination letter from NDA	Step 3. Nomination appraisal by NDA	Step 4. Nomination approval	Step 5. Prospective DAE engagement with GCF	Step 6. GCF reviews the application	Step 7. GCF Approval	Step 8. Accreditation Master Agreement (AMA) signing and ratification
Scope of Work	(a) Prospective DAE contact the NDA and collect the required check list (Annex 1) (b) Prospective DAE assesses eligibility for accreditation by completing the questionnaire	If eligible, the prospective DAE requests for a nomination letter from NDA with supporting documents.	(a) NDA acknowledges receipt of application; the team reviews application and draft appraisal report and send to TRCA for their review. (b) NDA meets with TRCA to appraise based on the criteria listed in Annex 1, and make	If approved, NDA issues the Nomination Letter (Annex 2) to the GCF with a copy to the prospective DAE	(a) GCF acknowledge the nomination request (b) Prospective DAE submits a request letter to GCF ¹³ to issue username and password to DAE to enable it to upload supporting documents to the GCF online accreditation	GCF reviews the application, conducts completeness checks and recommends either its acceptance or rejection to GCF Board.	If approved by the GCF Board decision, GCF Secretariat send letter of approval to prospective DAE and NDA.	(a) Signature of all official letters and other documents. (b) Signature of AMA between DAE and GCF Secretariat.

¹³ <https://www.greenclimate.fund/document/online-accreditation-system-oas-account-request-form>

	at the GCF Online Accreditation System (OAS) ¹² to generate a self-assessment report.		recommendation on the application.		system (OAS) (c) The GCF issues username and password (d) DAE responds to comments and requests by GCF.		
Primary Responsibility	Prospective DAE	NDA and TRCA	NDA and TRCA	GCF Secretariat	GCF Secretariat	Prospective DAE	Prospective DAE
Secondary Responsibility	GCF Secretariat	Prospective DAE		GCF Secretariat		GCF Secretariat	GCF Secretariat
	NDA						

NDA: National Designated Authority, DAE: Direct Access Entity; TRCA: Technical review Committee for Accreditation, GCF: green Climate Fund

¹² <https://www.greenclimate.fund/document/online-accreditation-system-oas-account-request-form>

7. The GCF Project Development

The GCF project cycle commences with the preparation of the Country Programme and Entity Work Programmes (EWP) to originate transformative initiatives by NDA and AEs aligned with the mandate of GCF. This will continue through to project development and submission by AEs, the technical review and assessment of the proposed project by the GCF Secretariat, its final review and approval by the GCF Board, before moving on to project implementation, evaluation and closure by AEs. Figure 5 illustrates the GCF project/programme activity cycle.

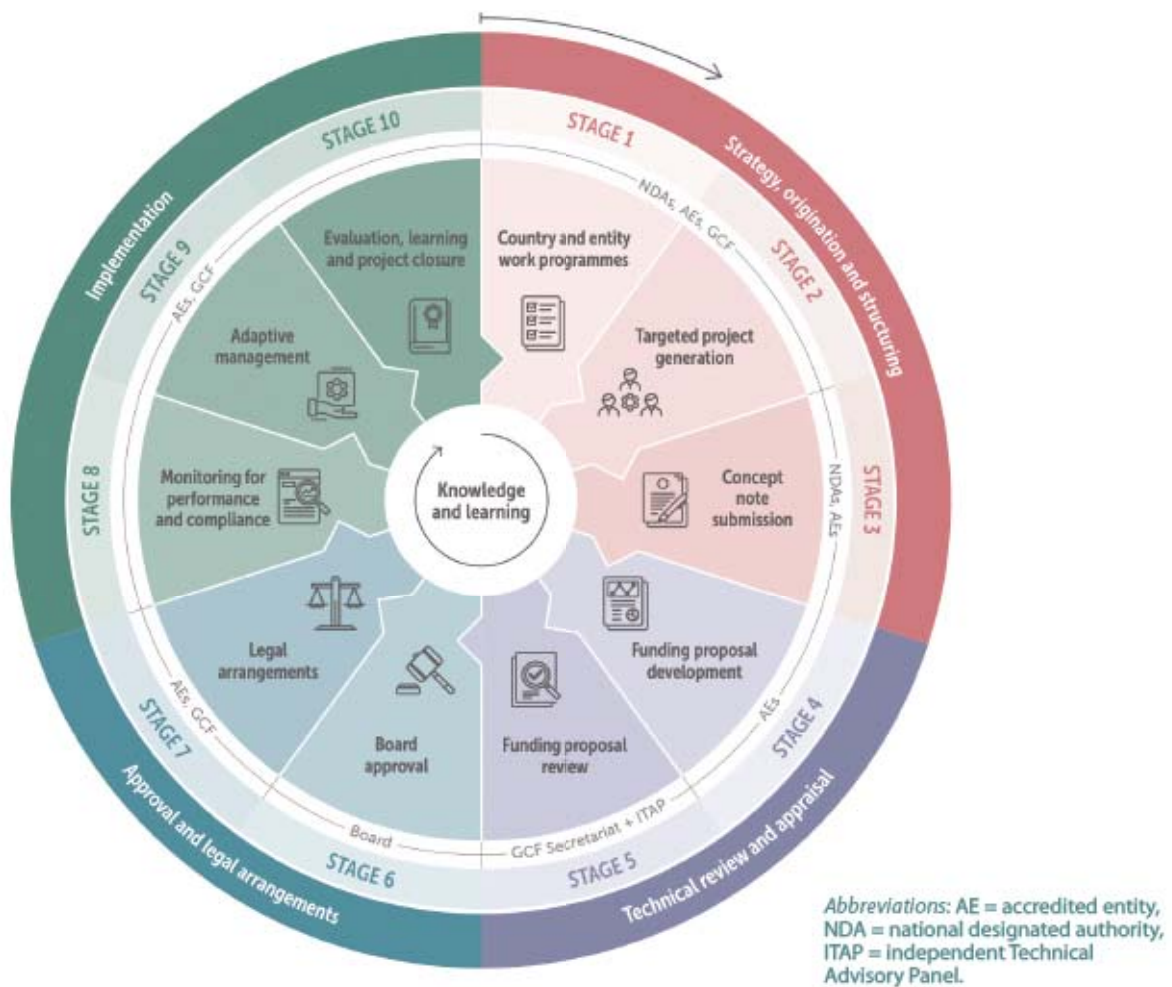


Figure 5. GCF Project Cycle¹⁴

The FPs for projects and programmes that are generated from country programmes and EWPs, should advance national climate priorities as articulated in Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) and other climate change strategies and plans. During this stage, Sri Lanka need to identify the national priorities, analyze financial needs and gaps, and identify partners to design and implement FPs.

Such origination involves the generation of project concepts and ideas in discussion with NDAs and entities that is in line with the Strategic Plan for the GCF and its results impact areas. As part of this

¹⁴ GCF Programming Manual (2020): <https://www.greenclimate.fund/document/programming-manual>

process, the GCF Secretariat works closely with AEs and countries to identify highly impactful project ideas that have the potential to meet all six GCF investment criteria.

7.1. The GCF Investment Criteria

In formulating the GCF-FP, the project proponent is expected to demonstrate the project’s alignment with six investment criteria, which are defined in the GCF’s Investment Framework. The list of criteria is provided in Figure 6. The GCF Investment Framework provide possible indicators (or indicative assessment factors) that may help entities to quantify impact potential.

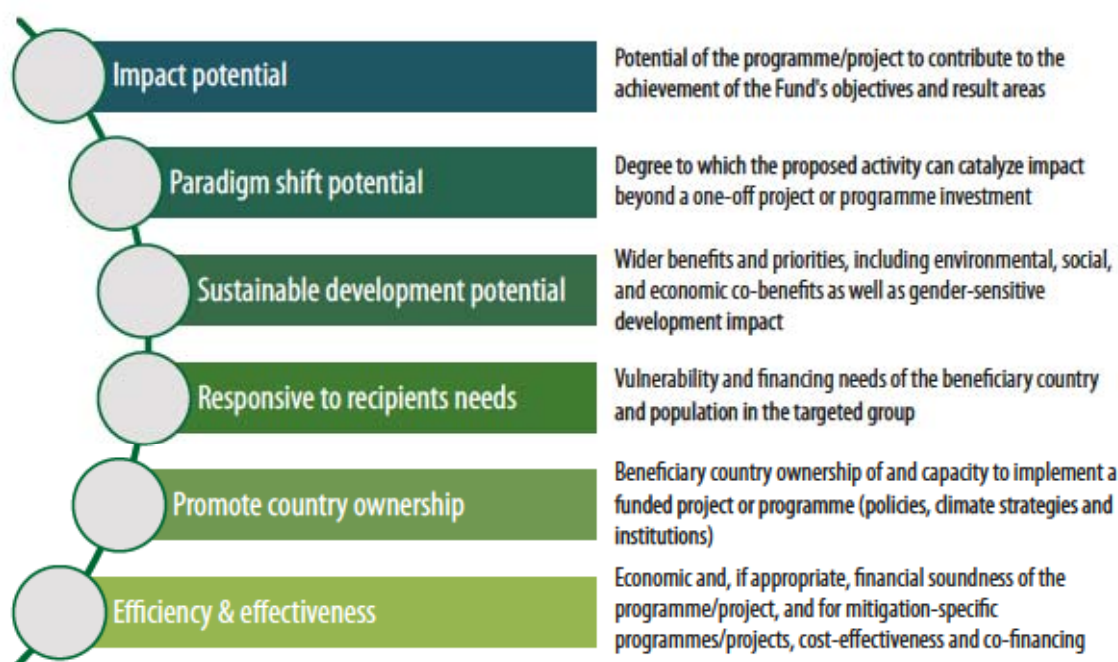


Figure 6. GCF investment criteria¹⁵

For each of these investment criteria, the project proponent should select only the applicable and relevant sub-criteria and indicators such as:

- Activity-specific sub-criteria informing the approval process for project allocation decisions, and applied to both adaptation and mitigation actions; and,
- Indicators (indicative assessment factors) seeking to provide clarity on how the sub-criteria can be assessed

¹⁵ <https://www.greenclimate.fund/projects/criteria>

7.2. The Areas of GCF Action

The existing Results Management Framework (RMF)¹⁶ and Performance Measurement Frameworks (PMF)¹⁷ define the areas of action in which GCF seeks to invest and its approach to tracking and monitoring results. GCF invests across eight results areas covering four mitigation and four adaptation strategic impact areas (Figure 7). The PMF has been designed to measure the results of the many cross-cutting opportunities with the potential to have an impact on both mitigation and adaptation. In their FPs, AEs will be expected to demonstrate how they will deliver on a limited set of representative indicators mirroring the investment framework that are relevant to their proposed project activities and results areas, which will be tracked and monitored throughout the project implementation process



Figure 7. GCF areas of action for investment¹⁸

¹⁶ <https://ieu.greenclimate.fund/evaluations/rmf>

¹⁷ <https://www.greenclimate.fund/document/mitigation-and-adaptation-performance-measurement-frameworks>

¹⁸ GCF Programming Manual (2020): <https://www.greenclimate.fund/document/programming-manual>

7.3. The GCF Readiness Support

The GCF Readiness Programme¹⁹ provides grants and technical assistance to NDA. There are two types of readiness support namely: NDA Readiness and National Adaptation Planning Readiness. The objective of NDA Readiness is to enhance the capacity of national institutions to engage efficiently with GCF. NAP Readiness funding may also assist countries in undertaking adaptation planning and developing strategic frameworks to build their programming with GCF.

All Developing Country Parties to the UNFCCC can access the Readiness Programme.

Based on the submission of high-quality proposals, the Readiness Programme may provide:

- (a) Up to USD 1 million per country per year for support related to institutional capacity building, coordination, policy and planning, and programming for investment. The NDAs are advised that they may have multiple readiness grants under implementation simultaneously but are expected to ensure readiness proposals build on previous interventions and maintain complementarities and coherence within a national vision.
- (b) Up to USD 3 million per country as a one-time grant for a period of three years for formulation and implementation of National Adaptation Plans (NAPs) and/or other adaptation planning processes. This may include support for sub-national adaptation plans and/or sectoral adaptation planning processes.

The Readiness Programme is designed to be a flexible tool to support developing countries, The GCF Readiness and Preparatory Support Guidebook²⁰ has defined a list of activities that can be supported under the programme.

¹⁹ <https://www.greenclimate.fund/readiness/process>

²⁰ <https://www.greenclimate.fund/document/readiness-and-preparatory-support-guidebook>

7.4. Submission of Concept Notes

The submission of a Concept Note (CN) is an optional step and can be done either by the AEs or NDA. However, submission of CNs is strongly encouraged, as CNs can lead to higher “quality at entry” of FPs, a reduced review time, and lower transaction costs for all stakeholders. However, the submission of CN is mandatory if PPF is requested or a proposal submission is done under the Simplified Approval Process (SAP). A CN should provide following information in the approved GCF Template²¹. The CN should not exceed the maximum number of 12 pages, excluding annexes.

- A brief climate context and baseline;
- A project description, including project components;
- The project size, suggested financial instruments and other financial information;
- Brief information on how the concept note meets the GCF investment criteria; and
- Information on engagement with the NDA and relevant stakeholders.

Optional annexes to be included at the CN stage are as follows;

- Map indicating the location of the project/programme;
- Diagram of the theory of change;
- Economic and financial model with key assumptions;
- Pre-feasibility study, if applicable;
- Evaluation report of previous project(s), if any;
- Results of Environmental and Social Safeguards (ESS) risk screening.

The AEs should engage with NDA and other stakeholders (Ref: SES presented separately) as part of the CN/FP preparation process (Table 8).

7.5. Simplified Approval Process

The Simplified Approval Process (SAP)²² aims to allow for quick review, approval and disbursement of funding for projects that are ready for scaling-up, of low environmental and social risk (Category C – Activities with minimal or no adverse environmental and/or social risks and/or impacts) and up to US\$ 10 million. The process is particularly directed to DAEs to encourage them to submit FPs.

The key benefit of the SAP is that it reduces time and effort required to go from project concept to implementation. During project formulation for SAP, the concept notes and the FP templates are simpler, require fewer pages and are easier to fill in the dedicated templates for the SAP window.

Other guidance on the SAP includes an e-learning course and platform, recorded webinars, and also technical guidelines and manuals on: the preparation of SAP proposals; renewable energy; energy efficiency for industry and appliances; preparing a pre-feasibility study under SAP; preparing the

²¹ <https://www.greenclimate.fund/document/concept-note-template>

²² <https://www.greenclimate.fund/document/gcf-brief-simplified-approval-process>

economic and financial analysis under SAP; REDD+; forests and land use; cities and climate change; transport; ecosystems and ecosystem services; environmental and social screening of activities under SAP.

7.6. Project Preparation and Development Support

The GCF has dedicated funds to support in FP development, which the AEs can apply for through the GCF's Project Preparation Facility (PPF). The PPF supports all AEs, in particular DAEs for micro and small-size category projects and programme preparation. Each PPF request is subjected to a cap of USD 1.5 million (or 10% of the total funding request) and provided through grants and repayable grants, while equity may be considered for private sector projects. The GCF-FPs developed with the PPF should be submitted to the GCF Board within two years of the approval of a PPF request. The PPF support is available to cover the following activities:

- Pre-feasibility and feasibility studies, as well as project design;
- Environmental, social and gender assessments and management/action plans;
- Climate Risk/Vulnerability assessments;
- Identification of project-/programme-level indicators;
- Pre-contract services, including the revision of tender documents;
- Advisory services and/or other services to financially structure a proposed activity, including any legal, regulatory and other due diligence required to be conducted by the AE; and
- Other project preparation activities, where necessary, provided that sufficient justification is available, (e.g. conduct of stakeholder consultations and obtaining, prior and informed consent for proposals that are required to meet the requirements of the GCF Indigenous Peoples Policy and environmental and social safeguards on Indigenous peoples).

7.7. Development of GCF-Funding Proposal

Project proponents are expected to develop their FPs in close consultation with the NDA of Sri Lanka and with due consideration of the GCF's investment framework, ESS, Gender Policy and RMF. The total number of pages for the FP (excluding annexes) should not exceed 60.

The GCF Programming and pipeline development are guided by a set of key policy frameworks: Investment Framework and the RMF and PMF. FPs must be prepared in accordance with the considerations and requirements of those key policy frameworks. The AEs are expected to develop their FPs with due consideration of the six GCF investment criteria (Figure 6) and the applicable and relevant activity-specific sub-criteria and indicative assessment factors²³.

²³ <https://www.greenclimate.fund/document/initial-investment-framework-activity-specific-sub-criteria-and-indicative-assessment>

In the formulation of the FP, AEs are 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 to every proposal. The 10 iterative steps involved in the development of GCF-FPs are given in Table 8.

Table 8. Ten iterative steps to complete the GCF-Funding Proposal Template

Iterative Step	Category	Brief description
Step 1	Description of the climate rationale underpinning a project	Describe the climate rationale by elaborating on the climate change-induced issue that underlies a proposed project and identifying the most effective solutions to address it.
Step 2	Developing the theory of change of the project	Describe how to structure a theory of change to lay out potential pathways to address the climate change-induced issue previously identified.
Step 3	Translating the theory of change into a logical framework	Describe how theory of change is translated into a logic framework (log frame) providing a detailed strategy to achieve project's expected results.
Step 4	Aligning the project against the GCF investment criteria	Present the six GCF investment criteria and how a project can align with them.
Step 5	Identifying potential risks to the project and their mitigation measures	Provide guidance on how to identify potential risks to achieving a project's expected results and the corresponding mitigation measures that could be used.
Step 6	Aligning the project with GCF environmental and social safeguards	Focus on how the environmental and social safeguards to integrate within a project.
Step 7	Integrating gender into the project	Focus on how gender considerations and provides guidance on how to integrate this dimension into the project
Step 8	Putting together the GCF funding request	Provide the amount of financing to request, co-financing secured and select the most appropriate financial instrument(s).
Step 9	Justifying the GCF funding request	Provide a justification for GCF funding request (amount, financial instrument and level of concessionality) ²⁴
Step 10	Demonstrating the financial viability of the project	Illustrate the financial viability of the project through the development of an exit strategy.

Further, the Circular of the Ministry of Finance No. ERD/AE/GEN/16 dated 2020.10.02 for procedure adopted by the Government of Sri Lanka for channeling finances should be referred.

²⁴ <https://www.greenclimate.fund/document/gcf-b10-06>

7.8. The Essentials of a Successful GCF Project

A GCF project should demonstrate how it will contribute to achieving a paradigm shift to a country's low-emission and climate-resilient development pathway. Hence, the FP should;

- (1) Ensure providing a scientifically sound climate-rationale supported by the best available climate data,
- (2) Describe through a logical framework (or log frame), how the intended changes (short, medium and long term) can be realized, including the potential change of market behaviors and economies, by the proposed strategic investments made in regulatory and policy actions,
- (3) Highlight the country ownership by aligning the project concept and actions with the national climate change priorities through a comprehensive consultation and engagement of all relevant stakeholders as highlighted in the Stakeholder Engagement Strategy (SES) for GCF projects in Sri Lanka,
- (4) Generate multiple benefits beyond climate impacts, including non-climate environmental, social, economic benefits,
- (5) Demonstrate gender-responsiveness by actively promoting gender equality, and the respect and value of contributions made by both women and men;
- (6) Provide a mechanism for long-term sustainability in the project's design ensuring that the impacts will be sustained after completion of financial support from the GCF and other funding sources; and
- (7) Demonstrate value for money and, where possible, secure up-front co-financing to stimulate long-term investments beyond the GCF resources and the up-front commitments.

7.9. Co-financing for GCF-Funded Projects

The GCF advises the proponents to incorporate co-financing to the funded activities whenever possible²⁵ with a view to maximize the effect of GCF investments. However, no minimum amount or the sources of such co-financing have been specified by the GCF. The GCF also recognizes that co-financing may not always be achievable or realistic in developing countries considering the alignment of interests between the GCF and AEs, and country ownership. If co-financing is available, it should be assessed in a comprehensive manner in conjunction with other indicators included in the investment framework. It is important to note that GCF funding covers the whole or part of the incremental costs of a funded activity, while any other costs should be co-financed by other sources.

The AE is responsible for securing co-financing. If any contribution from a state agency is expected, then the AE should get approval from the Ministry of Finance through the EE for such co-financing commitments prior to inclusion of the same in the FP²⁶.

²⁵ <https://www.greenclimate.fund/sites/default/files/document/policy-cofinancing.pdf>

²⁶ Presidential secretariat circular no. ps/sp/sb/circular/06/2019 dated 2019-12-19

8. Procedure for Issuing No Objection Letter for Concept Notes to GCF

The concept note presents a summary of a proposed project/programme to the GCF in order to receive feedback from the GCF Secretariat on whether the concept is aligned with the GCF's objectives, policies (Annex 9) and investment criteria. Such feedback will provide information to further develop and strengthen the project/programme idea to be translated into a FP. Submission of a CN is optional, but is strongly recommended. Figure 8 illustrates the procedure to issue the No Objection Letter for CN to GCF.

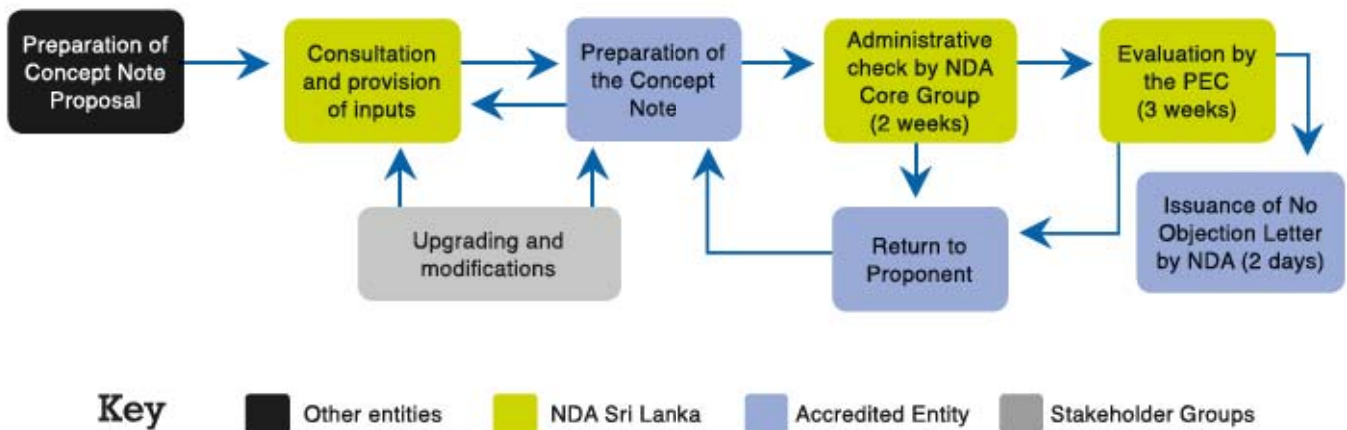


Figure 8. Procedure to issue "No Objection letter" (NOL) to Concept Notes (Note: NDA = National Designated Authority; AEs = Accredited Entities; PEC = Project Evaluation Committee)

Further to Figure 8, the detailed procedure for submission of CNs by an AE until GCF approval is granted is presented in Table 9.

Table 9. Stepwise procedure for submission of CN to GCF

Steps	Action	Details	Responsibility
Step 1	AEs (or prospective proponents) contact NDA (Note: This activity is strongly advised)	1. Prospective proponent (AEs: DAE or IAE) meets Director and staff of CCS with a prior appointment to discuss project ideas, avoid duplication of projects, etc.	AE (DAE or IAE)
		2. AEs present the project ideas to NDA and submit any preliminary documents to NDA	AE
		3. Director/CCS schedule a second meeting with relevant NDA core group members in the presence of AE for approval to continue preparation of a CN	NDA
		4. Once both parties agree, then the NDA Core Group recommends the key state agencies to be contacted to seek support in developing the CN.	NDA and AE
Step 2	AE liaise with the key state agencies and stakeholders for development of the CN	1. AE continue discussion with recommended state agencies to develop CN, with regular feedback to NDA	AE
		2. AE commences stakeholder consultation process to develop CN (<i>see GCF SES for details</i>)	AE
		3. AE regularly contacts the relevant NDA Core Group members for guidance on the CN development	AE
		4. AE develops the CN according to the CN submission format of the GCF	AE
Step 3	Submission of the CN to NDA	1. A request letter addressed to the Secretary to the Ministry of Environment, with a copy to Director/CCS, Ministry of Environment to consider the Concept Note submitted for providing the No Objection Letter.	AE
		2. AE submit the CN in the latest template published by the GCF Secretariat (e.g. Annex 3)	AE
		3. Director/CCS may request project proponent to submit letters of concurrence from the relevant state agencies for approval of the CN	NDA and AE

		4. AE will receive a letter of acknowledgement by the NDA on the receipt of the CN (issued within 2 working days of receipt of all documents listed)	AE
Step 4	Initial screening by NDA	1. The NDA Core Group will carry out an initial screening on the completeness of the documents submitted (within 14 days from receipt of documents)	NDA
		2. The AE will be informed of incomplete documents and to complete the documents and resubmit within 14 days	NDA and AE
		3. In the case of complete documents, the NDA Core Group will recommend the documents to be forwarded to the PEC	NDA
Step 5	Technical review by PEC	1. The Director/CCS convenes a meeting of the PEC within 3 weeks of the recommendation of NDA Core Group.	NDA
		2. Director/CCS sends soft copies of documents to members of PEC at the time of call for the meeting.	NDA
		3. The PEC meets at the NDA to do the technical review of the CN	PEC
		4. If the CN is rejected, the NDA will immediately return the CN to the AE, with reasons and suggestions to improve	NDA
		5. If the CN is approved, the PEC will make the recommendation to NDA	PEC
Step 6	Issue of No Objection Letter	1. AE submits the PEC-approved CN through EE to the National Planning Department (NPD)* for concurrence	AE
		2. With NPD concurrence, NDA will issue the "No Objection Letter" to the AE	NDA
Step 7	Submission of CN	1. AE submits the CN along with the NOL	AE
Step 8	Addressing comments of GCF and re-submission of CN	1. AE address the comments from GCF through stakeholder consultation	AE
		2. AE submits soft and hard copies of the revised CN to GCF Secretariat with a copy to NDA	AE

* As per the Presidential Secretariat Circular No. PS/SP/SB/Circular/06/2019 dated 2019-12-19

9. Procedure for Issuing No Objection Letter for GCF-approved Concept Notes to Access Project Preparation Facility

The GCF provides financial and technical assistance for the preparation of FPs for projects and programmes through the Project Preparation Facility (PPF). Application for this facility is purely voluntary, but the funding available up to USD 1.5 million for each application based on the GCF-approved CN, that commensurate to the FP being developed and to the activities included in the PPF application.

The PPF application can only be submitted by an AE, and is especially designed to support DAEs for projects in the micro and small-sized category. However, all AEs are eligible to apply. Figure 9 illustrates the procedure adopted by NDA-Sri Lanka in providing No Objection Letter for GCF-approved CNs to be supported by the PPF (Annex 4).

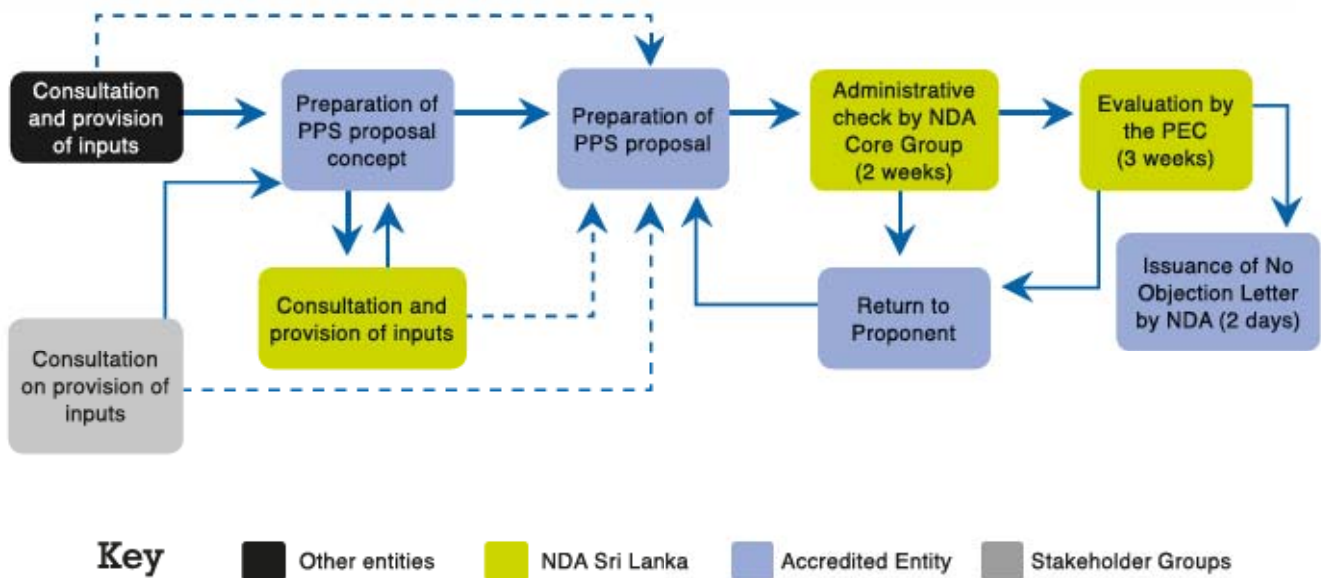


Figure 9. Procedure to issue "No Objection Letter" for PPF support (dotted lines show the possible alternate pathways)

As illustrated in Figure 9, the detailed procedure for a PPF submission is presented in Table 10.

Table 10. Stepwise procedure for issuing “No Objection Letter” for a Project Preparation Facility (Note: an approved CN is mandatory for a PPF)

Steps	Action	Details	Responsibility
Step 1	Preparation of the PPF Proposal	1. AE consults the NDA on the preparation of application for PPF, through prior appointment	AE
		2. AE submit an initial concept paper for the need for a PPF	AE
		3. The NDA gives the green light for the AE to prepare the PPF application	NDA
		4. AE commence stakeholder consultation process to complete the PPF application (<i>see GCF SES for details</i>)	AE
Step 2	Submission of PPF application to NDA	1. AE submits following documents to NDA as soft and hard copies, with a copy to Director/CCS, Ministry of Environment. <ul style="list-style-type: none"> a. A covering letter requesting a NOL for PPF b. The PPF application and relevant attachments that conform to the most recent format published by the GCF Secretariat c. The PPF proposal that matches the most recent format published by the GCF Secretariat 	AE
		2. The NDA acknowledges in writing to the AE, of the receipt of the documents (issued within 2 working days of receipt of all documents listed)	NDA
Step 3	Initial screening	1. The NDA Core Group will carry out an initial screening on the completeness of the documents submitted (within 14 days from receipt of documents)	NDA
		2. The AE will be informed of incomplete documents and to complete the documents and resubmit within 14 days	NDA and AE
		3. In the case of complete documents, the NDA Core Group will recommend the documents to be forwarded to the PEC	NDA
Step 4	Technical review by PEC	1. The Director/CCS convenes a meeting of the PEC within 3 weeks of the recommendation of NDA Core Group	NDA
		2. If the PPF is approved, the PEC will make the recommendation to NDA	PEC
Step 5	Issuing of No Objection Letter	1. The AE obtains concurrence of the NPD through the project proponent	AE
		2. With concurrence from NPD, the NDA will issue the “No Objection Letter” (Annex 4) to the AE	NDA

10. Procedure for issuing No Objection Letter for GCF-Funding Proposal and GCF Approval

Accredited Entities develop FPs, in close consultation with NDA or focal points, based on the CF needs of Sri Lanka. Accredited Entities can also respond to requests for proposals issued by GCF to fill current gaps in climate financing. In issuing some Requests for Proposals, GCF may accept proposals from entities it has not yet accredited. However, non-accredited entities will have to team-up with AEs when formally submitting FPs to GCF. Entities that submit proposals through the Requests for Proposals can be prioritized when applying for accreditation.

It is important to note that all GCF proposals (Annex 5) submitted by Sri Lankan entities should be compatible with the National Physical Planning Policy and Plan 2017-2050²⁷ and evaluated against a set criteria (*Note: the latest version of the Project Evaluation Criteria can be obtained from the NDA*). The procedure to issue the No Objection Letter for FPs (Annex 6) is illustrated in Figure 10.

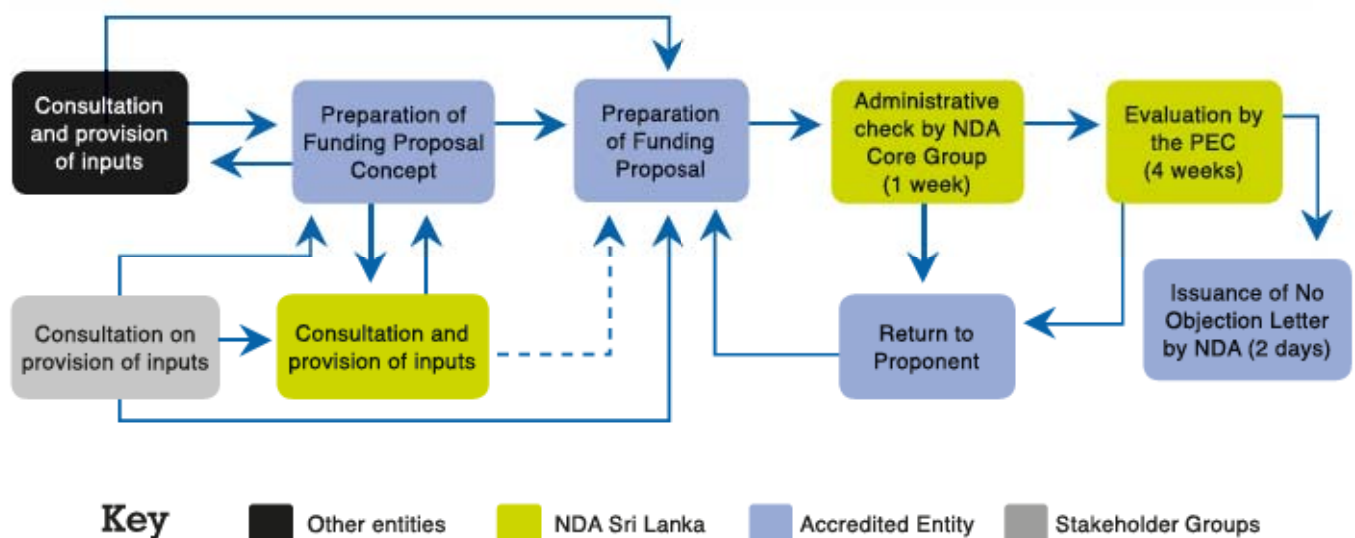


Figure 10. Procedure to issue "No Objection Letter" for GCF-Funding Proposals (dotted lines show the possible alternate pathways)

As depicted in Figure 10, a FP is submitted by an AE to NDA-Sri Lanka to obtain NOL. The detailed procedure for FP submission to obtain NOL from NDA-Sri Lanka is shown in Table 11.

²⁷ https://drive.google.com/file/d/1TBgPtGfIXOJmTn_vVkAmGtJU9AiMckp0/view

Table 11. Stepwise procedure for issuing "No Objection Letter" by the NDA for GCF-FP.

Steps	Action	Details	Responsibility
Step 1	NDA liaise and lobby with the key stakeholder agencies	<ol style="list-style-type: none"> 1. The NDA arrange online or physical meeting with the recommended state agencies with AE and lobby to support GCF-FP preparation, in the absence of a GCF-approved CN 2. The AE continue discussion with recommended state agencies to develop FP, with regular feedback to NDA 	<p>NDA</p> <p>AE</p>
Step 2	Stakeholder consultation	<ol style="list-style-type: none"> 1. AE commence stakeholder consultation process to develop FP (<i>Ref: GCF SES for details</i>) 2. All stakeholder meetings to be convened by the NDA 	AE
Step 3	Development of the GCF-FP	<ol style="list-style-type: none"> 1. AE regularly contact the relevant NDA Core Group members for guidance on the FP preparation 2. AE develops the FP according to the latest FP submission format of the GCF 	<p>AE</p> <p>AE</p>
Step 4	Submission of the FP to NDA	<ol style="list-style-type: none"> 1. A request letter addressed to the Secretary to the Ministry of Environment, with a copy to Director/CCS, Ministry of Environment to consider the FP submitted for providing the No Objection Letter. 2. The FP submitted in the latest template published by the GCF Secretariat. 3. Director/CCS may request project proponent to submit additional letters of concurrence from the relevant state agencies for approval of the FP. 4. AE will receive a letter of acknowledgement by the NDA on the receipt of the FP (issued within 2 days of receipt of all documents listed) 	<p>AE</p> <p>AE NDA and AE</p> <p>NDA</p>
Step 5	Initial screening by NDA	<ol style="list-style-type: none"> 1. The NDA Core group will carry out an initial screening on the completeness of the documents submitted (within 7 days from receipt of documents) 2. The AE will be informed of incomplete documents and to complete the documents and resubmit within 14 days 3. In the case of complete documents, the NDA Core group will recommend the documents to be forwarded to the PEC 	<p>NDA</p> <p>NDA and AE</p> <p>NDA</p>
Step 6	Technical review by PEC	<ol style="list-style-type: none"> 1. The Director/CCS convenes a meeting of the PEC within 4 weeks of the recommendation of NDA Core Group. 	<p>NDA</p> <p>NDA</p>

		<ol style="list-style-type: none"> 2. The NDA will send the soft copies of the document to all members of the PEC at the time of call for the meeting. 3. The PEC meets at the NDA to do the technical review of the FP 4. If the FP is rejected, the NDA will immediately return the FP to the AE, with reasons and suggestions to improve 5. If the FP is approved, the PEC will make the recommendation to NDA 	<p>PEC NDA</p> <p>PEC</p>
Step 7	Issuing of No Objection Letter	<ol style="list-style-type: none"> 1. The AE shall obtain NPD-recommendation* for PEC-approved FP (Note: in the case of a private sector project proposal, the concurrence of the NPD is required) 2. The NDA will issue the "No Objection Letter" to the AE no later than 2 days after FP is recommended by the PEC 	<p>AE</p> <p>NDA</p>
Step 8	Submission of the FP to GCF Secretariat	<ol style="list-style-type: none"> 1. The AE submits the FP with the "No Objection Letter" to the GCF Secretariat, with a copy to the NDA. 	AE
Step 9	Addressing the Comments from GCF	<ol style="list-style-type: none"> 1. The AE address the comments from GCF through stakeholder consultation 2. The AE prepared the revised proposal 	<p>AE</p> <p>AE</p>
Step 10	Submission of revised FP to GCF Secretariat	<ol style="list-style-type: none"> 1. The AE submits the revised FP to GCF Secretariat, with a copy to NDA 	AE

* As per Presidential Secretariat Circular No. PS/SP/SB/Circular/06/2019

11. Procedure for Approval of the NDA Readiness Programmes

The NDA might nominate a Delivery Partner (DP) to implement activities approved under the Readiness Programmes. The DP can be the NDA itself, a GCF-AE, or another organization capable of implementing the technical assistance and capacity development grants. If the nominated DP is not a GCF-AE, they must complete the Financial Management Capacity Assessment (FMCA)²⁸ questionnaire and submit supporting documentation to GCF for review. This due diligence process ensures that prospective DPs possess the required legal, fiduciary, and project management capacities to effectively implement readiness grants. The stepwise procedure adopted for approval of the NDA readiness support is shown in Table 12.

Table 12. Seven steps for GCF NDA Readiness support access

Step 1 – Conceptualization and Development	<ul style="list-style-type: none"> • NDA originates a proposal for readiness support on its own, or with assistance of a DP by assessing national climate financial needs, identifying specific capacity and/ or technical gaps and challenges, or other barriers to CF access and deployment. • NDA is encouraged to engage their respective GCF regional focal point in the GCF Secretariat to discuss the proposal idea and conceptualization.
Step 2 – Submission	<ul style="list-style-type: none"> • The NDA, with the support from the DP where relevant, will develop the proposal. • The NDA will upload the readiness proposal and supporting documentation via the online submission system on the Country Portal.
Step 3 – Review	<ul style="list-style-type: none"> • The GCF launches an interdivisional technical committee to review the request. • GCF Secretariat may request the NDA to revise the proposal • The DP, where relevant, will address the GCF comments in consultation with the NDA • The NDA obtains the recommendation of the NPD and the approval of the ERD for the revised proposal • The revised proposal will then be submitted by the NDA to the GCF Secretariat.
Step 4 – Approval	<ul style="list-style-type: none"> • The revised proposals will be prepared for endorsement by the interdivisional technical committee within the GCF Secretariat. • Once endorsed, the proposal then goes to the appropriate signing authority at GCF for final review and signature. • GCF Secretariat will send the Notification of Approval to NDA, copying the DP if any
Step 5 – Legal arrangements	<ul style="list-style-type: none"> • Legal arrangements are concluded with the NDA, or the delivery partner if one is nominated by the NDA, in the form of a grant agreement.

²⁸ <https://www.greenclimate.fund/document/financial-management-capacity-assessment-template>

	<ul style="list-style-type: none"> The NDA or DP that enter into the grant agreement will be the grant recipient
Step 6 – Implementation, monitoring and reporting	<ul style="list-style-type: none"> The grant recipient then implements readiness activities in line with the approved proposal, work plan and budget.
Step 7 – Completion	<ul style="list-style-type: none"> The NDA will submit reports to the GCF on progress of activities, at least monthly. Once all required reports, deliverables and audited financial statements duly signed by NDA are submitted to the GCF, then the GCF Secretariat will confirm the completion of the Readiness request, and confirm grant closure

12. Environment and Social Safeguards

The NDA is responsible for the implementation of social safeguards in the GCF-related activities in Sri Lanka. Environmental screening is a useful tool in identifying environmental and social safeguard issues in large investment project, including all sub-projects that cover multiple sectors. As such, all GCF-related project activities that involve physical interventions will be subjected to an environmental and social screening using the respective forms provided in Annex 7.

The project proponent should also provide an Environmental and Social Action Plan (Annex 8). The main objective of Environmental and Social Screening (ESS) will be to (a) to determine the anticipated environmental and social impacts, risks and opportunities of the project/sub-project (b) to determine anticipated impacts on the local/indigenous communities (c) determine if the anticipated impacts and public concern warrant further environmental and social analysis, and if so (d) to recommend the appropriate type and extent of Environmental and Social Assessment needed.

The AEs and the EEs should facilitate the NDA for regular monitoring of the implementation of the project activities.

13. The GCF Approval Process and Timeline

A NOL issued by the NDA-Sri Lanka is a mandatory condition for approval of all FPs submitted to the GCF. It is also a modality for engaging the public on communication and consultations, according to the country's capacities and existing processes and institutions. Through rigorous country coordination and multi-stakeholder engagement process, FPs need to be aligned with GCF requirements (financial and investment criteria, and Policies – Annex 9) and at the same time be consistent with national requirements (relevant national policies and laws, national climate change policies, strategies and plans, etc. The five phases of the GCF approval process given below, is also illustrated in Figure 11 with a tentative timeline.

The five phases of GCF approval are;

- (1) Concept note (optional but highly recommended)
- (2) Proposal Submission
- (3) GCF Secretariat Analysis, Independent Technical Assessment and Recommendations to the GCF Board
- (4) GCF Board Decision
- (5) Legal Arrangements

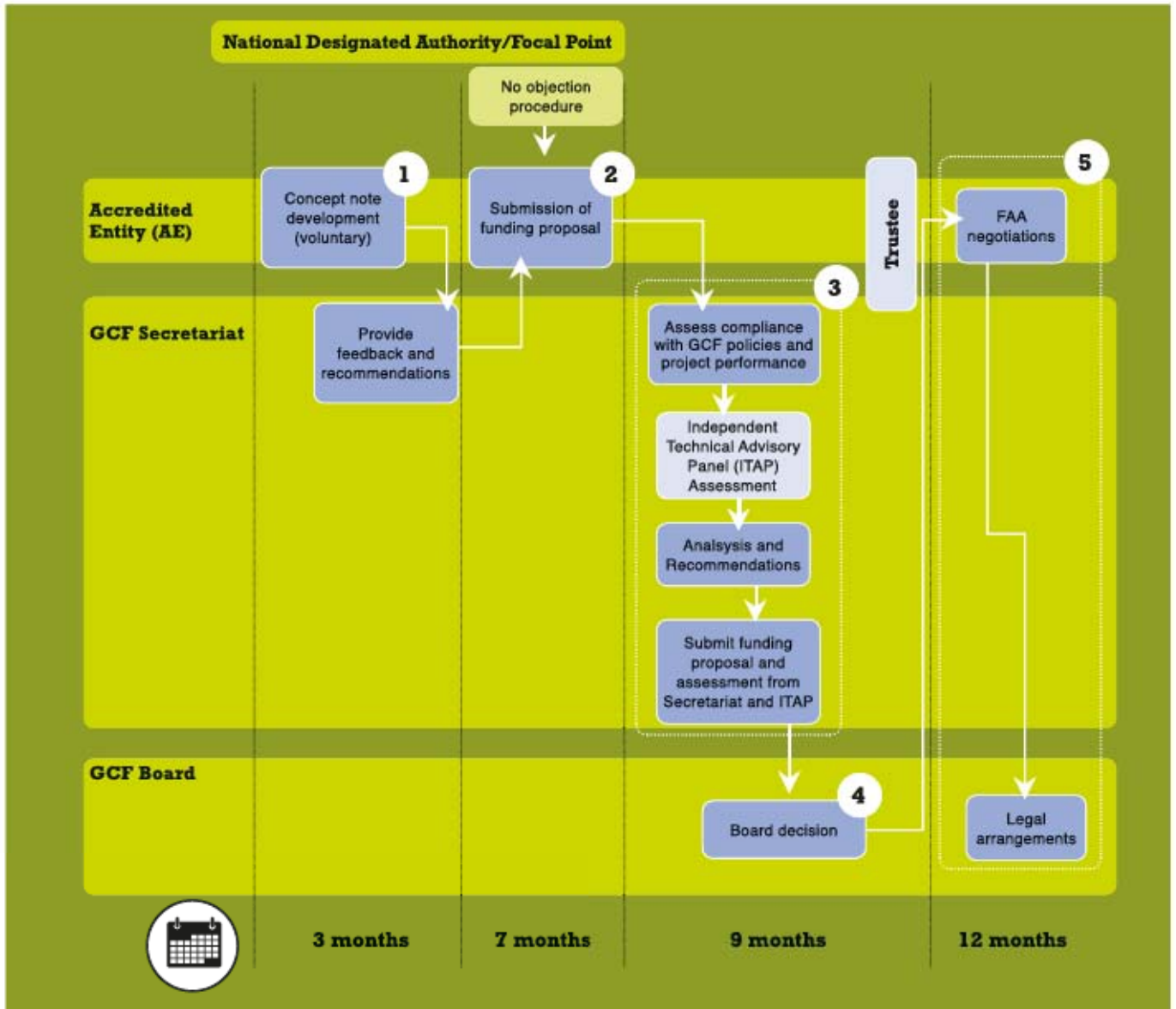


Figure 11²⁹. Five phases of GCF approval procedure and the timeline. AE = Accredited Entity; Secretariat = GCF secretariat, Board = GCF Board

²⁹ Fayolle, V. and Dhanjal, M. (2020) Green Climate Fund Proposal Toolkit 2020. London: Acclimatize and Climate and Development Knowledge Network

14. Project Implementation

Once the approval is granted by the GCF Board, it will then move into the implementation period whereby funds are transferred to the AE according to agreed tranches as per the term sheet's disbursement schedule and other key terms and conditions. Project implementation in Sir Lanka will be done according to the mechanisms identified in this OM.

Each approved FP will have one or more Fund Activity Agreements (FAAs) entered into between the AE and the GCF. In general, the FAA negotiation and signing takes place after the FP is approved by GCF. In some cases, GCF and AE can engage in the FAA negotiation process before the FP is approved with a view to sign the FAA upon approval. This approach facilitates a prompt start of project implementation. The standard timelines for the FAA process are shown in Figure 12.

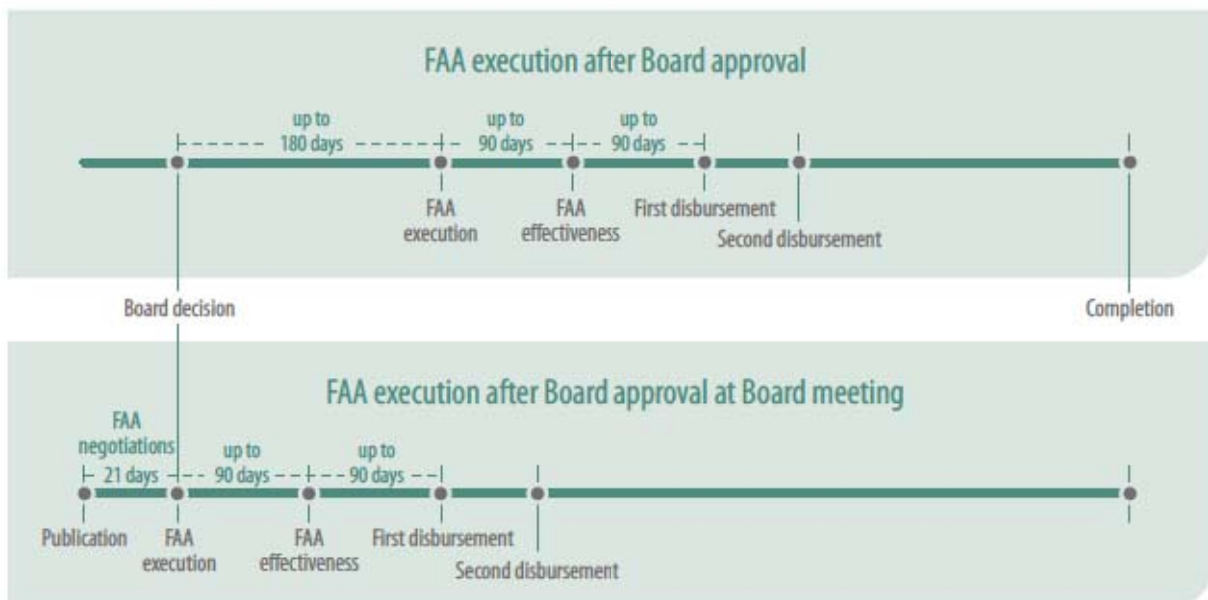


Figure 12. The FAA execution process by the GCF Board and the indicative timeline³⁰

The Fund's fiduciary standards and ESS are applied, and an external audit report is submitted. Following these steps, the project becomes effective, and the process of M&E commences and continues until the project terminates and exits the GCF portfolio.

³⁰ GCF Programming Manual (2020). <https://www.greenclimate.fund/document/programming-manual>

14.1. National GCF-Projects Coordinating Committee (NPCC) of the NDA for the Implemented Projects

The NDA shall appoint a National GCF-Projects Coordinating Committee (NPCC) to monitor the implementation of GCF-related projects in Sri Lanka. The PCC shall be chaired by the NDA (Secretary to the Ministry of the subject of Environment). The PCC shall consist of the members of the NDA Core group based on the scope of the GCF-related projects implemented, and representatives from Ministry of Finance, AEs, EEs and PMUs of the respective GCF-related projects. The committee shall meet twice a year to coordinate all GCF-related project activities in Sri Lanka.

This activity will be in addition to the Project Monitoring and Reporting to the GCF (Section 17) and will help facilitating smooth functioning of the GCF-related activities implemented in Sri Lanka.

15. Management of GCF-finances Received through Concessionary Loans, Equity and Guarantee Investments

The foreign investments, including loans and equity investments are channeled through Inward Investment Accounts (IIAs), which are special accounts designated for eligible investors resident in or outside Sri Lanka to route funds to invest in the permitted investments. This is financial mechanism approved by the Central Bank of Sri Lanka. Licensed Commercial Banks and Licensed Specialized Banks are permitted to open and maintain IIA in the Domestic Banking Unit of a Licensed Commercial Bank and Licensed Specialized Banks in the name of the eligible investor, subject to the terms and conditions stipulated in the Government Gazette bearing no. 2045/56 dated 17.11.2017 and the Direction issued on the same. The IIA may be maintained in Sri Lankan rupees or in any designated foreign currency and may be held jointly by eligible investors.

The AE should inform the NDA of the accounting details of loans, guaranties and equities accessed through GCF by copying half-yearly bank statements and the final accounts statement.

The IIA may be closed on request by AE or NDA, provided that all investments made through the account had been disposed according to the GCF approved FB, and in concurrence with the NDA. Closure of the IIA before disposing the investments is only possible by transferring funds to an IIA to another Bank with the approval of the NDA. The Roadmap for Sustainable Finance in Sri Lanka³¹ highlights supporting the development of sustainability-related indices and the establishment of sustainable public equity funds to attract both public and private capital to green industries and to raise investors' awareness on sustainability.

³¹<https://www.cbsl.gov.lk/sites/default/files/Sri%20Lanka%20Sustainable%20Finance%20Roadmap%20FINAL%2008.04.19.pdf>

16. Role of Various Stakeholders in Project Implementation

Portfolio implementation, monitoring and management involve a series of actors with specific roles and responsibilities. These actors are critical in ensuring that GCF projects are implemented in accordance with the highest international standards and that they deliver the best possible benefits to target beneficiaries in an efficient manner. The SES for GCF projects in Sri Lanka, that has been developed separately, provides details of such roles and responsibilities. Table 13 provides detailed role play of the national level key stakeholders of GCF projects during implementation.

Table 13. Role of key national level stakeholders during GCF project implementation³²

Stakeholder	Role
Accredited Entities (DAEs and IAEs)	Responsible for the overall management, implementation and oversight of funded activities in line with GCF standards and legal agreements.
	Execute the project/programme fully or partially through one or more EEs.
	Ensure prudent and judicious use, administration and management of GCF proceeds.
	Ensure compliance with the monitoring, evaluation and reporting responsibilities of each funded activity in line with the legal agreements.
	Ensure that their obligations under the legal agreements with GCF are passed on to their executing entities, including monitoring, reporting and verifying that GCF standards, safeguards and policies are upheld by their executing entities when implementing GCF projects and programmes.
National Designated Authority (NDA)	Ensure continued country ownership and stakeholder engagement throughout the term of the project/programme.
	Support monitoring, evaluation and learning by working with accredited entities to plan for evaluations/reviews and impact assessments.
	Facilitate and support multi-stakeholder consultation for reporting and/or participatory monitoring, where needed, as outlined under the monitoring and accountability framework.
	Coordinate project implementing activities through the Project Coordinating Committee
	Participate at the PSC meetings to ensure the effective implementation of project activities

³² <https://www.greenclimate.fund/sites/default/files/document/gcf-programming-manual.pdf>

	Ensure implementation of ESS during project implementation
	Participate in performance assessment reviews and evaluation workshops and in the implementation of evaluation findings
Executing Entities (EEs)	Perform GCF project activities according to the direct contractual relationship with each AE.
	Report to AE who plays the role of supervisory and monitoring of the activities of the EE
	Taking remedial actions as instructed by the AE and ensure that those actions are enforced
Other stakeholders (including civil society organizations, the private sector and the wider community)	Collaborate in all monitoring and evaluation activities, including providing access to projects, data and individuals relevant to GCF project and portfolio reviews, evaluations and assessments
	Provide feedback and data needed to assess GCF performance and results and on draft monitoring and evaluation findings of GCF investment projects

Any stakeholder who has been or who may be affected by the GCF project activities could make submissions to the GCF through the Independent Redress Mechanism (IRM)³³, which provide recourse to such stakeholders. The IRM also accepts requests for reconsideration of funding proposals that have been denied by the GCF Board.

³³ <https://www.greenclimate.fund/sites/default/files/document/procedures-guidelines-irm.pdf>

17. Monitoring and Evaluation of GCF Projects

Figure 13 provides an overview of the key milestones during final three stages (8 to 10) of the GCF project/programme activity cycle Figure 5 in pages 18.

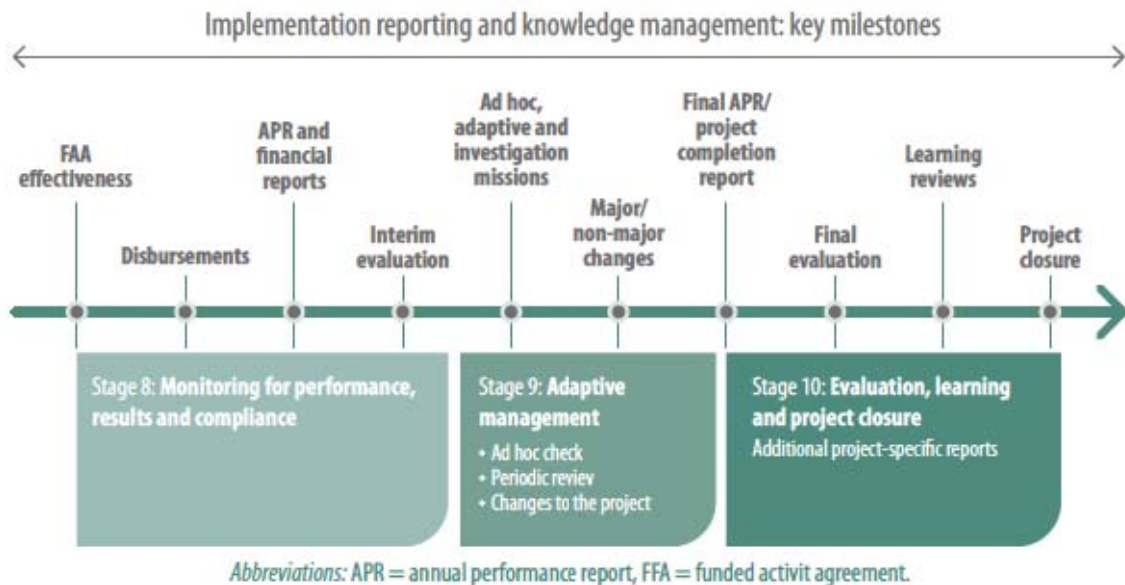


Figure 13. Key milestones during latter phases of the GCF project Cycle³⁴

The GCF requires that financed programmes, projects and activities are regularly monitored for impact, efficiency and effectiveness in line with rules and procedures established by the Board. The GCF encourages the use of participatory monitoring involving targeted stakeholders and calls on Accredited Entities (AEs) to include at the project/programme level participatory monitoring approaches. This translates into the expectation that they involve communities and local stakeholders, including Civil Society Organizations (CSOs), at all stages of the project/programme cycle. A model participatory monitoring and evaluation is illustrated in Figure 14.

³⁴ GCF Programming Manual (2020). <https://www.greenclimate.fund/document/programming-manual>

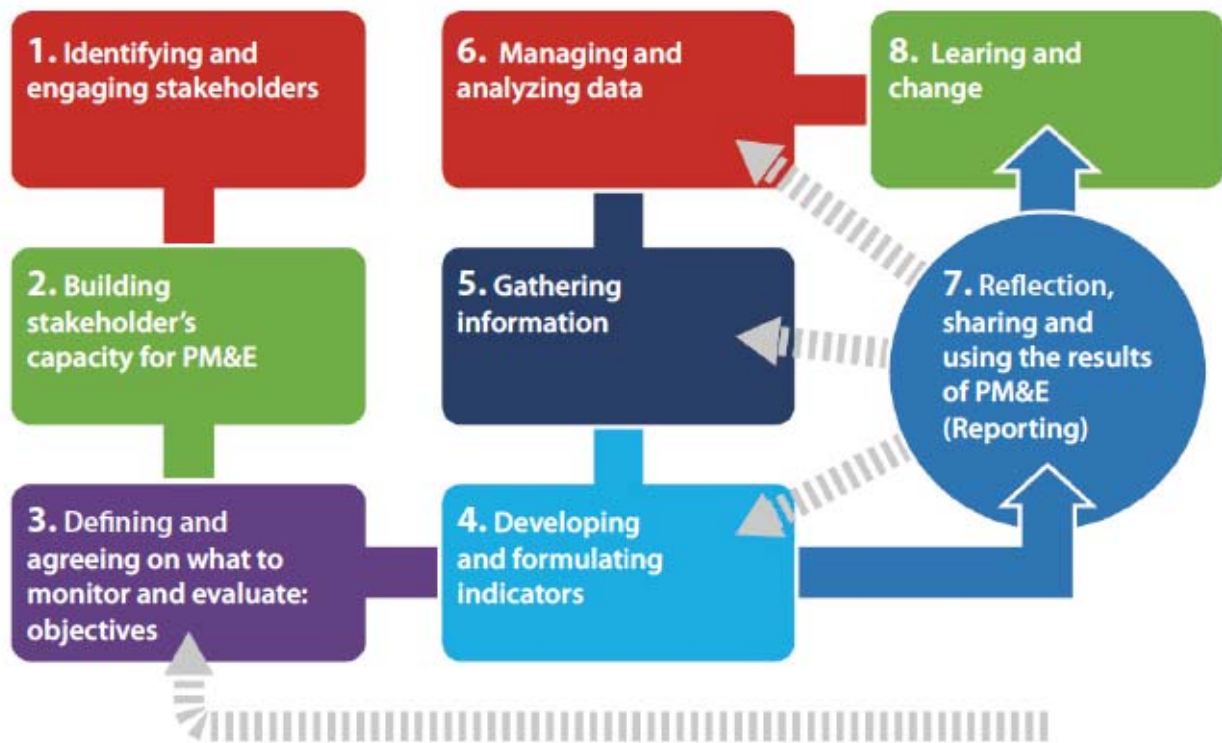


Figure 14. Participatory monitoring and evaluation of GCF projects³⁵

17.1. Role of NDA in Monitoring and Evaluation of GCF-related Activities

The NDA, being a statutory member of the PSCs, will facilitate a proper Monitoring and Evaluation (M & E) of the GCF projects conducted in Sri Lanka, following the GCF criteria.

The NDA will appoint an independent five (5)-member M & E committee for this purpose. The committee will comprise of two members from among the members of NDA Core group, two members from the NECCCA and NECCCM (one from each committee), and one member from the Ministry of Finance. The members nominated to the committee will be based on the scope of each project. The committee will be responsible to conduct progress reviews every 6 months in addition to the mid-term and final reviews conducted by AE and report to NDA. The AE will be responsible for providing all relevant details of the respective projects and financial support to the NDA.

The EE and DAE/IAE will work closely with NDA in ensuring that all the activities are implemented according to the work plan and timelines to deliver on all the outputs as proposed in the results logical framework as per GCF guidelines. As per regulations imposed by the Government of Sri Lanka (GOSL)³⁶,

³⁵ <https://germanwatch.org/sites/germanwatch.org/files/Briefing-paper-GCF-ME.pdf>

³⁶ http://www.erd.gov.lk/images/Downloads/Circulars/Streamlining_the_Fund_Channeling_.pdf

it is mandatory for the AE and EE to report to the Government Treasury regarding the progress of project activities. Adaptive management will be applied to ensure that all proactive actions are taken to address and overcome the problems encountered in the implementation of the project/programme. Following will serve as the guide for this process:

- (a) The monitoring and evaluation plans approved with the GCF-FP.
- (b) The risk analysis and mitigation strategies proposed in project document.

During project implementation, the AE may request an extension of the project completion timeline from the GCF, in concurrence with the NDA.

17.2. Mid-term Review (MTR)

The AE is mandated to conduct an MTR. The findings and recommendations of both MTRs will be presented to stakeholders by the AE/EE. Furthermore, a management response to the MTR recommendations together with a plan for implementing the required changes should be developed by the AE/EE and measures should be taken to track the implementation status. The AE is required to submit a copy of this document to the NDA.

The Independent M & E Committee appointed by the NDA (sec. 17.1) will also facilitate the Mid-term review (MTR) conducted by the AE at the middle of each project, guided by the GCF evaluation criteria on relevance, validity of design, performance (effectiveness, efficiency and timeliness), sustainability and impact orientation. The AE/EE are expected to provide all information related to the project progress to the NDA-appointed independent committee.

The NDA will provide the report with its recommendation to the AE for necessary action. The AE, after incorporation of the suggestions proposed by the NDA will submit the mid-term progress report to the GCF with a copy to the NDA.

17.3. Final Review

The AE is also mandated to carry out the final review as per the M&E plan identified in the Funding Proposal three (3) months prior to the date of project closure. The Independent M&E Committee (see para 1 of Section 17.2) appointed by the NDA will facilitate the process by providing required advice.

The AE will capture the lessons learned and develop into knowledge and communication products and services for co-learning and possible dissemination among countries. Responses to issues raised in the end of project evaluation will be prepared by the Project Manager of the EE based on the reviews conducted by the AE. The AE will submit the final evaluation report to the NDA through the independent M&E committee.

Once approved at the PSC, the final evaluation report after incorporating any suggestions made by the AE, will eventually be submitted to GCF by the AE, with a copy to the NDA.

17.4. Restructuring and Cancellation

The decision making by GCF on restructuring and cancellation³⁷ in respect of an approved Funding Proposal would take place in situations where there has been one or a combination of the following situations:

- (a) failure to fulfill the conditions to be met prior to the execution of the funded activity agreement within the time frame established by the accreditation master agreement or the Approval Decision, as appropriate,
- (b) a request for an extension of the time frame established by the accreditation master agreement or the Approval Decision (as defined below) to fulfil the conditions to be met prior to the execution of the FAA,
- (c) a request for a waiver of a condition imposed in the Approval Decision; and
- (d) a request for a change to an approved funding proposal or restructuring of a funded activity.

³⁷ <https://www.greenclimate.fund/sites/default/files/document/policy-restructuring-cancellation.pdf>

18. Project Closure

This step relates to the termination of a project's activities, normally conducted at the end of the implementation period of the funded activities (or at the end of the repayment period, as applicable). Project closure activities include ensuring proper recording and archiving of project documentation, recording and handing over/disposing of project assets, making final payments, releasing project staff and reimbursing any unutilized resources to GCF. A final project audit is required to confirm that all GCF funds were properly utilized in line with the requirements of the FAA. The expected project closure date is also available on GCF's website.

The AE should engage the NDA in the process of closure of the project, and should ensure that all relevant documentation submitted to the GCF is copied to NDA.

During this phase, the AE should inform the GCF through NDA on the following:

- (1) Confirm that the project activities were executed and completed in line with project objectives and FAA requirements, and
- (2) Submit a project completion report or final Annual Performance Report (APR). Project completion reports (i.e., the final APR) prepared by AEs detail the completed project activities and document the lessons learned and best practices identified

19. Committees Appointed by the NDA to Support Decision-making in GCF-related Activities in Sri Lanka

19.1. Expert Review Committee (ERC)

The ERC will assist NDA in reviewing, validating and implementing the OM, SES, and other documentary deliverables as per the GCF NDA Readiness Support through stakeholder consultative workshops.

(a) Composition of the ERC

The ERC comprises of 15- members including the delivery partner (Table 14).

Table 14. Members of the Expert Review Committee (ERC)

Major Category	Representation	Number of Representatives
Government Sector	Director General (or nominee), National	1
	Planning Department	1
	Director General (or nominee) Department of Project Management and Monitoring	1
	Central Bank of Sri Lanka	
NDA (Ministry of Environment)	Additional Secretaries	3
	Director General (Policy Planning)	1
	Director, Climate Change Secretariat	1
Non-Governmental Organization and Community-based Organizations	Selected from the NGOs working on Climate Change related activities, and are registered at the NGO Secretariat	2
Private Organizations	Ceylon Chamber of Commerce	1
	National Chamber of Commerce	1
National Expert Committees	Adaptation	1
	Mitigation	1
International partner	GCF Delivery partner	1
Total		15

Note: The two Members of the National Experts Committees on Climate Change Adaptation and Mitigation will vary depending the required expertise. The ERC will include at least 2 female members

(b) Role and Responsibilities of the ERC

The role and responsibilities of the ERC include:

- (1) Review & make written recommendations to make required changes to the OM, SES and Sri Lanka Country Programme for GCF (The Operation Manual shall be reviewed every 3 years or earlier, as determined by the NDA, based on the needs identified by the NDA or the GCF)
- (2) Review and make written recommendations on the Final Project Report of the NDA Readiness Programmes
- (3) Provide expert review and written recommendations to the NDA to strengthen any other draft documents, guidelines produced by the NDA for GCF activities

The ERC will be chaired by an Additional Secretary to the NDA and will meet when necessary. The letter of appointments to the ERC members to be issued by the NDA. The ERC shall provide feedback on the submitted documents within 7 days. The members will be paid a prior-agreed Expert Allowance based on the submission of reports.

19.2. Project Evaluation Committee

The Project Evaluation Committee (PEC) will assist NDA in providing an independent technical assistance and advice on Concept Notes and Funding Proposals to the GCF by Sri Lanka.

(a) Composition of the PEC

The PEC comprises of 20-member group (represented at least 5 female members) including Government, Private Sector, Civil Society, subject specific organizations and members of the National Expert committees of Mitigation and Adaptation to support the technical expertise on GCF-Concept notes and project proposal. Accordingly, the composition of the PEC is presented in Table 15.

Table 15. Composition of the Project Evaluation Committee (PEC)

Major Category	Representation	Number of Representatives	
Government Sector	Additional Secretary (Environment Development)	1	
	Director, Climate Change Secretariat, NDA	1	
	Director general or nominee, National Planning Department	1	
	Director general or nominee, Department of External Resources,	1	
	Director General or nominee, Policy Planning and Monitoring Division	1	
	Director General or nominee, Department of Project Management and Monitoring	1	
	Non-Governmental Organization and Community Based Organizations	Selected from the NGOs working on Climate Change related activities, and are registered at the NGO Secretariat	2
	Private Organizations	Ceylon Chamber of Commerce	1
National Chamber of Commerce		1	
Subject Specific Organizations	Based on the nature of the concept note or proposal	2	
National Expert Committees	Adaptation	4	
	Mitigation	4	
Total		20	

The PEC will include at least 5 female members.

* Subject Specific Organizations will be selected based on the nature of the concept note or proposal

The membership of the PEC should possess diverse skills and expertise relevant to the scope of the GCF, adequate knowledge on national policies, priorities and plans in relation to climate change, ability to contribute and drive national development strategies and plans related to climate change, familiar with adaptation and mitigation efforts of Sri Lanka, and working knowledge on project management. The PEC evaluations on a Funding Proposal will be based on the criteria developed by PEC & approved by the NDA.

(b) Role and Responsibilities of the PEC

The PEC will perform the following duties;

- (1) Technical review and recommend the CNs submitted by proponents for their suitability in-line with the national priorities and GCF guidelines.
- (2) Technical review and recommend project proposals, which are in-line with the national priorities and GCF guidelines for approval for funding by the GCF board.
- (3) Provide inputs for the improvement of the concept notes and project proposals
- (4) Support decision making process by providing justification of issuing No Objection Letter and for Funding Proposal by the NDA.

The PEC will be chaired by the Additional Secretary (Environment Development). The NDA will summon a meeting when project proposal/concept note is submitted by the proponent. Additional meetings may be summoned based on the need. The PEC shall provide feedback on the proposals within 21 days.

The NDA will recommend Funding Proposals from Implementing Entities (IEs) to the GCF Board in the context of national climate strategies plans and through a rigorous country coordination and multi-stakeholder engagement process. The GCF requirements on the project proposal appraisal and the no-objection procedures will be aligned with the regulations of the Government of Sri Lanka, after rigorous consultation with the Department of External Resources (ERD) and Department of National Planning (NPD), on a regular basis.

19.3. Technical Review Committee for Accreditation

The Technical Review Committee for Accreditation (TRCA) will provide the required technical assistance and support the NDA in the decision making of candidate institutions/entities who are interested in becoming accredited to the GCF by assessing documents submitted, and on issuance of the 'Nomination Letter'.

(a) The Composition of the TRCA

The TRCA comprises four (4) members including a Climate Finance Expert, Representative to the Governor of the Central Bank, Representative to the Secretary of the Treasury (Ministry of Finance) and Director of Climate Change Secretariat of the MoE. The members will possess high caliber in evaluating the competencies of candidate institutions/entities who are interested in becoming accredited to the GCF in line with the GCF mandate.

The TRCA will be chaired by the Director of the CCS. The CCS will summon meetings when applications are submitted by the prospective institutions/entities who are interested in becoming accredited to the GCF. The TRCA shall provide recommendations/technical advice on the submitted applications within 14 days of the meeting.

(b) Role and responsibilities of the TRCA

Following activities are expected to be performed by the TRCA on the candidature of institutions/entities in Sri Lanka to be accredited by the GCF;

- (1) Provide technical guidance and initial evaluation of the documents of institutions/entities who will be qualified as prospective DAEs.
- (2) Assess all applications submitted by the prospective NIEs to evaluate such requests for accreditation according to the fiduciary principles and standards, environmental and social safeguards, and gender policy of the GCF and on issuance of the 'Nomination Letter' (Note: the checklist for issuing No-objection Letter for DAEs to GCF is presented in Annex 1).

19.4. Projects Steering Committee for GCF-funded Projects in Sri Lanka

The Project Steering Committee (PSCs) are appointed for two categories of GCF-funded projects; i.e. Readiness and full funding projects. The NDA will appoint the PSCs for Readiness Projects and chair of the committee. In GCF-funded Readiness projects main Executing Entity will appoint the PSC while the NDA must be a member of the GCF-funded regular projects.

(a) Composition of the PSC for GCF-funded Readiness Projects

A PSC will be appointed for each GCF Readiness Projects based on their scope. The member of each PSC will include Secretaries to the line Ministries in the specific project themes, relevant Directors of the divisions of the NDA (based on project concepts), Heads of the entities related to the project, representative from the Department of Project Management Planning of the Ministry of Finance, Provincial Secretaries that falls within the project areas, and a member from the project Implementing partner.

The Secretary to the NDA shall serve as the Chair of the PSC with Director of CCS will serve as the convener and Secretary to the committee. The PSC shall meet once in 6 months or more often when the need arises. The project staff will be in attendance for the committee meetings, on the invitation of the Director/CCS.

(b) Composition of the PSC for GCF-funded Projects

A PSC will be appointed by the respective DAE in concurrence with the line Ministry based on the scope of the project. The identified officer from the NDA shall be a member of the PSC. The Chairperson and Secretary of the PSC will be elected from among the members of PSC. The PSC shall meet once in 6 months, or more often when the need arises. The project staff will be in attendance for the committee meetings, on the invitation of the Director/CCS.

(c) Role and responsibilities of the PSC

The report of the PSC is compulsory for financial reimbursement for GCF-funded. The terms of Reference of the PSC are given below. The PSC will;

- (1) Provide oversight on the specific project related activities;
- (2) Provide policy guidance to the PMU (Project Management Units) on emerging national and sectoral CF issues and priorities related to the specific project areas,
- (3) Provide strategic direction for domestic and international investments in climate resilient development in Sri Lanka related to a specific project,
- (4) Facilitate creation of an enabling environment for policy and institutional reforms to address policy, capacity and institutional gaps in specific project implementation
- (5) Enhance coordination and collaboration among all stakeholders involved in the project
- (6) Ensure timely reporting and monitoring and evaluation of the specific projects.

In case where the nominated members cannot attend a meeting, an 'Official Letter' from the said member nominating another suitable senior officer to PSC is required. To ensure inclusiveness of various national stakeholders, NDA will extend invitation to representatives of other relevant different groups 'as and when necessary'.

Several successful case studies/spotlight for the prospective proponents to understand the potential project areas to be approached are shown in the GCF website³⁸. However, it is important to understand that the proposed projects should be aligned with the country priorities of Sri Lanka.

This OM has made an effort to respond to the Frequently Asked Questions (FAQs – Annex 10) on the GCF-related procedures and mechanisms.

³⁸ https://www.greenclimate.fund/sites/default/files/document/gcf-spotlight-asia-pacific_0.pdf

20. The National Context

In the global scenario, Sri Lanka has been considered as one of the most vulnerable Countries to climate change. The Climate Risk Index (CRI) developed by the German watch ranked Sri Lanka at 4th (2016), 2nd (2017) and 6th (2018) most affected country owing to its increasing climate-related natural hazards such as floods, landslides, droughts and extreme weather events resulting in loss of lives and property. The CO₂ emissions from Sri Lanka in 2016 was 0.017 Gt³⁹, with about 0.05% global share. A recent study carried out by the World Bank has revealed that future climate impacts would result in a reduction of the living standards of the Sri Lankan people by around 5%, and in the worst-case scenario may decline by around 7%. Under the worst-case scenario, GDP of Sri Lanka would decline by 7.7%, an estimated loss of 50 billion USD⁴⁰. There is clear evidence that climate change will continue to impact all economic sub sectors of the country and human and animal lives.

Analysis of climate data has shown that the country's average temperature is significantly increasing at a rate of 0.01–0.03 °C per year⁴¹. Recent studies have also shown that, though the extreme climate events have increased in frequency of occurrence⁴² and seasonal variability in rainfall⁴³, the cumulative annual rainfall of major climatic zones in Sri Lanka during the last few decades has not undergone a significant change⁴⁴. Information on observed and projected changes suggests that the climate of Sri Lanka is undergoing three major types of changes namely (1) gradual increase in ambient air temperature, (2) changes in distribution pattern of rainfall, and (3) increase in frequency and severity of extreme weather events. The relative humidity (RH) generally ranges from 70% to 90% during morning and 55% to 80% during late afternoon depending on the geographical location. Being a tropical country, solar radiation hardly limits the crop growth under general weather conditions.

³⁹ <https://www.worldometers.info/co2-emissions/sri-lanka-co2-emissions/>

⁴⁰ <https://www.worldbank.org/en/news/feature/2018/09/21/building-sri-lankas-resilience-to-climate-change>

⁴¹ Marambe B., Punyawardena R., Silva P., Premalal S., Rathnabharathie V., Kekulandala B., Nidumolu U., and Howden M. (2015): Climate, Climate Risk, and Food Security in Sri Lanka: The Need for Strengthening Adaptation Strategies. In: W. Leal Filho (ed.) Handbook of Climate Change Adaptation, pp 1759-1789. Springer-Verlag Berlin Heidelberg

⁴² Abeysekera A.B., Punyawardena B.V.R. and Premalal K.H.S. (2015): Recent trends in extreme positive rainfall anomalies in the dry zone of Sri Lanka. Tropical Agriculturist 163: 1-23

⁴³ Abeysekera A.B., Punyawardena B.V.R., Marambe B., Jayawardena I.M.S.P., Wickremasinghe V.N.M., Senarathna S.D.D.I. and Wijerathna W.M.V.S. (2019): Effect of El Nino Southern Oscillation (ENSO) events on inter-seasonal variability of rainfall in wet and intermediate zones of Sri Lanka. Tropical Agriculturist 167(1): 14-27

⁴⁴ Dr. B.V.R. Punyawardena (2020) – Director and Principal Scientist, Natural Resource Management (Personal communication)

20.1. Climate sensitive sectors of Sri Lanka

Climate sensitive sectors in Sri Lanka have been identified as food security (agriculture, livestock and fisheries), water resources, coastal and marine, health, human settlement and infrastructure, ecosystems and biodiversity, export agriculture, and industry, energy and transportation, during the process of the preparation of the National Adaptation Plan (NAP) and the Nationally Determined Contributions (NDCs). These sectors can be focused by the prospective project proponents in their efforts to access support from the GCF.

The National Physical Planning Department (NPPD)⁴⁵ of Sri Lanka has carried out a sensitivity analysis across the whole country based on selected attributes in order to find the best possible pathway for climate change, water resources, wildlife & biodiversity, forest, flora & fauna, eco-systems, agricultural area, unique landscape and agricultural uses according to its relative importance in order to find best physical developments. This information would be of immense help in identifying climate vulnerable regions in Sri Lanka to be looked at developing GCF proposals.

20.2. Policy initiatives to guide GCF-related activities in Sri Lanka

It is extremely important that Sri Lanka initiate investments and mainstream its activities to become a climate resilient nation. The GCF being a key international financing mechanism aiming to make a significant and ambitious contribution towards internationally agreed goals to combat climate change. Sri Lanka should thus, focus on this highly opportune facility to tackle the climate impacts. While recognizing the impacts of climate change, Sri Lanka has embarked on various efforts especially by developing and implementing imposing national policies, and strategic and action plans over the years as shown in Table 16, which can set the baseline and provide necessary guidance in developing concept notes and project proposals to be funded by the GCF.

⁴⁵ NPPD (2019): National Physical Planning Policy and the Plan 2017-2050. National Physical Planning Department, Sri Lanka

Table 16. Some key policies, strategies and action plans on climate change in Sri Lanka

Name of Policy/Strategy/Action plans	Year of release/period of implementation
National Policy on Air Quality Management	2000
National Waste Management Policy	2020
National Environmental Policy and Strategies	2003
Technology needs Assessment for Climate change	2007
Capacity Assessment and Action Plan for Developing Capacity for Compliance with Global Conventions on Biodiversity, Climate Change and Land Degradation	2007
National Agriculture Policy	2007
National action Plan for Haritha Lanka Program	2009
Public Perceptions on Climate Change in Sri Lanka	2010
National Policy on Disaster Management	2010
Sector Vulnerability Profiles	2010
Climate Change Vulnerability Data Book	2010
National Climate Change Strategy and Action Plan	2011-2016
National Climate Change Policy	2012
Country vulnerability Assessment (Agriculture)	2013
Sri Lanka Comprehensive Disaster Management Program	2014-2018
National Adaptation Plan	2016-2025

Note: this Table excludes sectoral policies that have incorporated climate change related issues

20.3. The Governance Structure and Climate Financing in Sri Lanka

A general overview of the governance mechanism of Sri Lanka and the relevant institutional mechanism for climate change are given below. It is important to comprehend the overall governance structure in Sri Lanka for better utilization of the finances from GCF.

20.3.1 National and Sub-national Governance Structures

The general governance structure of Sri Lanka is a complicated one having three clear tiers namely, National, Provincial and Local levels (Figure 15).

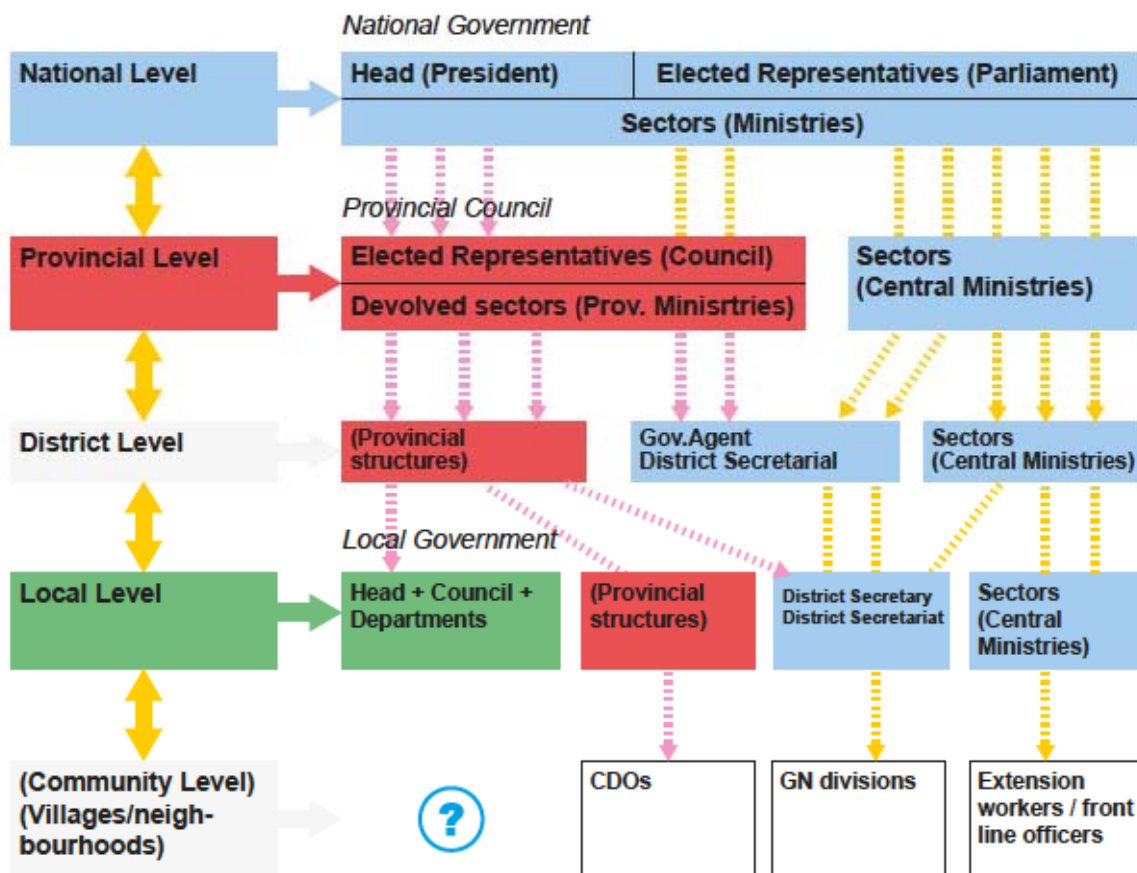


Figure 15. Different tiers of governance in Sri Lanka⁴⁶

Apart from the sub-national government structures such as the Provincial Councils (PCs), the central government (National level) has an administrative structure that penetrates up to the grassroots level. The District Secretariats and Divisional Secretariats are the main structures through which the national level ministries have a representation and direct reach to the local level. The constitution of Sri Lanka has defined the sectors and mandates for operations.

⁴⁶ <http://ledsgp.org/wp-content/uploads/2018/09/LED-Sri-Lanka-Report-Final.pdf>

Mandates of local governments enshrined in and recognized as subordinate level of government under the direct purview of PCs. There are three types of local governments in Sri Lanka; Municipal Councils (cities), Urban Councils (townships) and *Pradeshiya Sabhas* (PSs - Rural councils). All three types have governing bodies comprising elected members and a bureaucracy.

20.4. Governance Structures in Sri Lanka to Facilitate GCF-related Activities

Though climate change is still considered under the subject "environment", the PCs are yet to take responsibilities on climate change as it is not clearly defined within the delegated list of actions. Therefore, climate change is currently in informal and vague sector in planning and action aspects at sub-national levels.

20.4.1. Institutional Arrangement, Functions and Capacities in Climate Governance

The Department Meteorology of the Government of Sri Lanka is the national focal point for Intergovernmental Panel on Climate Change (IPCC), while the Ministry of Environment (the NDA for GCF-related activities) is the focal point for the UNFCCC. The institutional structure of the climate change related activities is centered around the Climate Change Secretariat (CCS) of the NDA.

20.4.2. National Governing Bodies on Climate Change

A detailed description of the National Governing Bodies on Climate Change that will facilitate GCF-related activities in Sri Lanka are given below

(a) Climate Change Secretariat (CCS):

The CCS of the NDA is the main entity in Sri Lanka that coordinates the climate change related matters in the country. Established in 2008, the Secretariat is a fully-fledged division under the NDA and headed by a Director. The CCS is the national operational focal point on climate change related matters and leading the process of mainstreaming climate change into other development areas. It also takes the leadership to liaise with other stakeholders from public, private and civil society. The main objectives of the CCS include providing a platform to address climate change issues at the national level, undertaking climate change responses including policy and program development, liaising with sectorial agencies at national and sub-national levels to identify priorities and develop policy implementation mechanisms, facilitating research and dissemination of research results to trigger policy reforms and actions, establishing a mechanism to monitor the impacts of national responses to climate change. The CCS also acts as Secretariat for the Designated National Authority (DNA) for the approval of Clean Development Mechanism (CDM) projects. In the GCF activities, the CCS will serve as the Secretariat for the NDA.

The CCS has established two expert advisory committees comprised of sector experts to provide advisory guidance on adaptation and mitigation related issues to CCS and the NDA. The National Expert Committee on Climate Change Adaptation (NECCCA) and National Expert Committee on Climate Change Mitigation (NECCCM) are the two committees comprising experts from government, academic, private and nongovernment sectors. These committees meet at least once a quarter and discuss relevant matters on priority basis. These committees are actively engaged in reviewing of major plans, policies, communications, proposals, etc. as those are routed through the committees and subjected to their approval.

(b) Proposed Institutional Arrangements under the National Adaptation Plan

The NAP has recommended to establish Regional Climate Cells (RCCs) for better sub-national level coordination, under the supervision of the CCS. The RCCs will be set up according to the requirement for implementation of actions that are specific to a given regional area. The RCCs will have representatives of PCs, local government bodies, District and Divisional Secretariats in relevant areas upon the request of the NDA. However, the detailed structure, operating modalities and composition of the RCCs are not been finalized yet. The NAP has also recommended to establish a CSO forum.

(c) Secretaries of Ministries in charge of Planning and Monitoring Committees for Climate-related Activities

The Secretaries to the Ministries identified by the extraordinary Gazette (No. 2187/27) issued by the Government of Sri Lanka, are in charge of Planning and Monitoring Committees for NDC-related Activities (Note: any updates will be applicable). Hence, the GCF activities pertaining to the mandatory functions of the respective ministries will be implemented under the guidance of these Secretaries to the Ministries who also serve as the Chief Accounting Officer of the respective Ministries.

20.5. Overarching Policies and Regulatory Environment Providing Guidance to Operation of the Governance Structure in Sri Lanka

Sri Lanka has established a Sustainable Development Council to ensure that the country's growth aligned with the Sustainable Development Goals (SDGs). The Sustainable Development Act No. 19 of 2017 of Sri Lanka provides the legal framework and the national policy for implementing the SDGs, and the "Sustainable Sri Lanka 2030: Vision and Strategic Path"⁴⁷ and the current national policy framework on "Vistas for Prosperity and Splendour"⁴⁸ identifies the need for achieving sustainable development

⁴⁷ <http://www.presidentsoffice.gov.lk/wp-content/uploads/2019/05/Final-v2.4-Typeset-MM-v12F-Cov3.pdf>

⁴⁸ <http://www.treasury.gov.lk/documents/10181/790200/FinalDovVer02+English.pdf/3873cb76-8413-47dd-9691-bd80439d5a10>

through balanced social, economic and environmental practices, and moving through a green growth path to facilitate a transition to Sustainable Sri Lanka by 2030.

According to the “Roadmap for Sustainable Finance in Sri Lanka”⁴⁹, voluntary, industry-led initiatives have been implemented in the country to promote sustainable finance. The Sri Lanka Sustainable Banking Initiative (SL-SBI)⁵⁰ with the aim to jointly agree upon minimal standards or principles for integrating environmental and social considerations into operations and to implement these standards among the signatory banks, and has setup a general framework on how the Sri Lankan banking sector can conduct business to facilitate more sustainable economic growth locally.

20.6. Climate Financing in Sri Lanka

Financing measures against climate change is a daunting task for a developing country like Sri Lanka that is focused on overcoming economic difficulties. In order to overcome the challenges imposed by climate change, governments around the world are forced to take enterprising steps to avoid disaster in the long run. More often than not, these measures are expensive; new infrastructure is needed, capacity building is a must and new talent and knowledge is essential.

The Government of Sri Lanka has entered into thirty-five (35) financing commitment agreements with foreign development partners and lending agencies from January 1, to November 30, 2018⁵¹ amounting to US\$ 1,131.2 million to support the Public Investment Program (PIP) in accordance with the macroeconomic targets envisaged in the Medium-Term Fiscal Framework. Several international institutions such as the GCF have provided assistance to take low carbon emission pathways and to build resilience for extreme weather events.

Two GCF-funded projects are implemented in Sri Lanka to-date with the GCF contribution of USD 77.9 million out of a total project value of USD 101.1 million. Both projects are under climate adaptation category. The first GCF NDA Readiness and Support Program was implemented in Sri Lanka for the period 2019-2020 with total GCF support to the value of USD 920,000. The details of the GCF activities in Sri Lanka are presented in Table 17.

⁴⁹<https://www.cbsl.gov.lk/sites/default/files/Sri%20Lanka%20Sustainable%20Finance%20Roadmap%20FINAL%2008.04.19.pdf>

⁵⁰ <https://sustainablebanking.lk/>

⁵¹ <http://www.treasury.gov.lk/documents/10181/12876/Fiscal+Management+Report+-+2019+%28English%29-new.pdf/5ba54d36-c2b2-4acc-9fb6-0230984d0333>

Table 17. GCF activities in Sri Lanka

Project/Readiness program Title	Total Project Value (USD millions)	GCF Contribution USD millions (%)	Period of implementation	Project Category
Strengthening the resilience of smallholder farmers in the Dry Zone to climate variability and extreme events through an integrated approach to water management	52.1	38.1 (73.1%)	28.7.2017 to 28.6-2024	Adaptation
Strengthening climate resilience of subsistence farmers and agricultural plantation communities residing in the vulnerable river basins, watershed areas and downstream of the Knuckles mountain range catchment of Sri Lanka	49.0	39.8 (81.2%)	12.3.2020 to 1.1.2026	Adaptation
NDA Readiness and Support program	0.92	0.92 (100%)	1-8-2019 to 31.7.2020	Readiness
Readiness and Preparatory Support - Strengthen the Process and Capacity of Implementation of National Adaptation Plan of Sri Lanka	2.975	2.975 (100%)	12-8-2020 to 12-8-2023	Readiness

20.6.1. Governance of Climate Finance in Sri Lanka

Sri Lanka has a long history of Finance Governance including climate finance governance, which has gradually developed up to a comprehensive set of rules and principles of public finance and corporate governance. The constitutional provisions 148 to 154 provided overall public financial guidelines and other legal provisions, regulations, rules and principles are legally backed by the statutes namely Banking Act No. 30 of 1988, Monetary Law Act Chapter 422 of 2014, Companies Act No 17 of 1982, and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Financial regulation of the government.

Further, there is a well-composed regulatory and institutional framework, which works towards a better corporate governance culture of Sri Lanka. It mainly includes the Central Bank of Sri Lanka (CBSL), the Institute of Chartered Accountants of Sri Lanka (IASL), the Securities and Exchange Commission of Sri Lanka (SECSL) and the Colombo Stock Exchange (CSE). In the present context, few corporate governance codes/principles are highlighted. Among them, Directions issued by the

Central Bank and the Listing Rules of CSE are prominent as they are mandatory sets of principles of Corporate Governance. The Code of Best Practices of Corporate Governance issued by the Chartered Institute of Sri Lanka is a voluntary code of corporate governance, which is popular among the corporate bodies as a code which contains a comprehensive set of corporate governance rules.

Currently, any investments by foreign entity in Sri Lanka, including loan and equity investments with maturity of three or more years, are required to be routed through an Inward Investment Account (IIA) opened with a commercial bank by the foreign financier. Any proceeds of such investments can be remitted out through the same IIA.

The financial regulators in Sri Lanka has taken the lead through policy-based initiatives for sustainable finance. In 2016, the CBSL joined the IFC-supported Sustainable Banking Network (SBN) and announced the "Roadmap - Monetary and Financial Sector Policies for 2017 and Beyond"⁵². This focuses on sustainable finance practices to help financial institutions effectively manage environmental and social risks in the project they finance and support businesses that are greener, climate friendly and socially inclusive, promoting sustainable finance in Sri Lanka.

As the Provincial Councils (PCs) are not fiscally autonomous the influence of the Central Government structures in tackling climate actions at sub-national level is high. The Finance Commission of Sri Lanka plays a vital role in resource allocation to the PCs and hence, their role must be highlighted in climate financing in the country.

The Ministry of Finance of the Government of Sri Lanka has recently issued a circular No. ERD/SE/GEN/16 dated 2nd October 2020 to streamline the fund-channeling mechanism and Implementation modalities of grant-funded projects. All AEs should follow strict compliance to the circular instruction in developing and implementing GCF-funded projects in Sri Lanka.

⁵² <https://www.bis.org/review/r170202e.pdf>

Supplementary Tables

Table S1. Capacity of the NDA Core Group

No.	Entity/Head	Link to NDA based on Supportive Role and Functions as a member of the NDA Core Group
DIVISIONS OF NDA		
1	Administration & Establishment Division (Senior Assistant Secretary)	<p>Mainly responsible for staff administration of NDA, providing answers to parliamentary questions; preparation of cabinet memorandums and duties relevant to consultative committee meetings of the parliament and carrying out activities relevant to recruitments and recruitment procedures. Those activities have a direct co-relationship with climate change-related activities on the preparation of cabinet memorandums.</p> <p>Supportive Role: <i>This division will produce relevant cabinet memorandums, getting approval for relevant projects, signing new climate change obligation, recruitment of skilled personals to the NDA. Resources allocation to NDA</i></p>
2	Air Resources and National Ozone Unit (Director)	<p>The national focal point for the Montreal Protocol (MP) in 1994. The division is responsible for Protect the Ozone Layer by phasing out Ozone Depleting Substances (ODS) in Sri Lanka, coordinating international and national activities related to phasing out Ozone Depleting substances with the targets given by the Montreal Protocol. The NOU was significantly contributed to phase out the CFC (high global warming potential gas) in 2010 and working for 80% of the phase-out target of HFCs (less global warming potential gas) by 2047 through Kigali Amendment. Ozone Depleting Substances has been considered in the national greenhouse gas inventory preparation and phasing out of Ozone Depleting Substances are considered as an effective mitigation option. In addition to that, the Air Resources portfolio of this division has been gazette the standard of indoor air quality, Stack emissions, vehicle emission, etc.</p> <p>Supportive Role: <i>This division will support the proposal development, issuing no objection letters, monitoring, implementation and regulating related air quality aspects or NDA., including transport, industry emission control regulations,</i></p>
3	Biodiversity Secretariat (Director)	<p>The national focal point for implementing the Convention of Biodiversity (CBD) in Sri Lanka. Sri Lanka has developed the National Biodiversity Strategic Action Plan in line with the Aichi</p>

	<p>Biodiversity Targets and sustainable development goals which were approved by the Cabinet of marketing in 2017. Further, the country has updated the biodiversity profile with the updated data on Fauna and Flora species in Sri Lanka after the National Red List in 2012 and the status of different ecosystems as the 6th National Report. This division is managing many biodiversity projects in the country especially climate change adaptation.</p> <p>Supportive Role: <i>The Secretariat will support the proposal development and serve as a technical knowledge provider, proposal development, issuing no objection, monitoring, implementation and regulation of biodiversity and ecosystem aspects related to climate change activities as an NDA.</i></p>
<p>4 Climate Change Secretariat (Director)</p>	<p>Established to address the cross-sectoral nature of the major environmental challenges associated with climate change and to fulfill Sri Lanka's commitments under the UNFCCC and the Kyoto Protocol and later Paris Agreement. The CCS also acts as Secretariat for the Designated National Authority (DNA) for the Green Climate Fund (GCF) approval of Clean Development Mechanism (CDM) projects. The CCS is issuing no-objection letters for climate-related projects especially funding applications under GCF. Further, the division is the main coordination body of implementation of NDCs, NAP, and establishment of provincial climate cells. The CCS has initiated a process of preparation of Provincial Adaptation Plans, periodic reporting and other relevant instruments in the country.</p> <p>Supportive Role: <i>The CCS will coordinate NDA functions related to GCF activities in Sri Lanka, facilitates the role plays at all levels in climate financing, perform the functions of converner of NDA Core Group, ERC, PEC & respective PSCs, carry out progress review, monitoring & reporting, including project indices development in relation to the country programme.</i></p>
<p>5 Education Training and Research Division (Director)</p>	<p>Mainly deals with the preparation of environment awareness and promotion strategy for the NDA and its implementation and periodic reviews. In addition to that, this unit is reorienting environmental education towards sustainable development to foster self-environmental responsibility among the general public as specified in chapter 36 of Agenda 21, agreed at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, and Respond to the environment and natural resources related public issues. These activities are directly linked to the dissemination of climate change-related information among</p>

		<p>respective stakeholders. This division is leading to educate 10,000 science teachers in Sri Lanka on the environment, which included separate course for climate change.</p> <p>Supportive Role: <i>This division will perform as a knowledge disseminator, preparation of relevant materials including knowledge product for NDA.</i></p>
6	Environment Pollution Control & Chemical Management Division (Director)	<p>This division functions as the National Focal Point for Basel, Stockholm, and Minamata Conventions, and Strategic Approach to International Chemical Management (SAICM). It is mainly responsible in formulating policies and implementation of activities in relation to chemicals and waste management, pollution control activities and awareness programs, and attend environmental-related complains. Waste and some chemical processes contribute to greenhouse gasses emissions, especially methane. Therefore, the management of Environment Pollution & Chemicals is considered as an effective climate change mitigation activity.</p> <p>Supportive Role: <i>This division will support for the proposal development, monitoring, implementation and regulating greenhouse gas emission from chemical processes including fertilizers and waste for NDA.</i></p>
7	Finance Division chief Accountant	<p>Mainly functions as an acquisition of impress from General Treasury as per the requirements, according to the provisions of NDA; Reconciliation of accounts of the NDA with computerized data of the Treasury; Carry out public financial activities and monitor them according to government financial regulations, provisions of establishment code and circulars issued by government offices and ministries, Preparation of bank reconciliations and sending to the Treasury and Auditor General in time and etc. Further, this department is directly involved in fund mobilization to climate change-related projects, especially for donor funded projects.</p> <p>Supportive Role: <i>This division will be involved in for the financial mobilization and mechanisms in relation to climate change as a NDA.</i></p>
8	Legal Division (Chief Legal officer)	<p>Preparing of Legal Documents (Notary and Non-Notary) related to the NDA and Provide Assistance and Coordination to Prepare Acts and Regulations to implement or enforce the Environmental Laws. This division is involving to provide legal clearances related to climate change projects and implementation of Sri Lanka and actively engaging with the legal compliances related to climate</p>

		change. Supportive Role: <i>This division will be involved in performing legal matters related to climate change as an NDA.</i>
9	Land Resources Division (Director)	The National focal point to Untitled Nation Convention on Combat Desertification. The division is mainly engaged for co-ordinate implementation of activities identified in the National Action Program for land degradation and desertification. Land-use change is considered for the greenhouse inventory preparation in Sri Lanka, the activities performed under this division are directly involved in the greenhouse gas reduction through best land use management through stakeholder engagement. This division is responsible for handling three important days such as international desertification day, soil day, and water day. Supportive Role: <i>This division will support for the proposal development, issuing no objection, monitoring, implementation, and land-related regulations under climate change for NDA.</i>
10	Policy Planning & Monitoring Division (Director)	Development of annual work programmes, preparation of budget proposals, progress monitoring and reporting. This division has a strong relationship with the climate-related project monitoring. Supportive Role: <i>This division will support monitoring activities related to climate change for NDA and the approval process of the projects through NPD and ERD</i>
11	Environment Planning and Economics Division (Director)	Dedicated hub for the Green Development Initiatives (GDIs) of the NDA. GDIs pave the platform to develop policies and strategic plans related to sustainable development to integrate environmental concerns into national development process to ensure long-term sustainability. The Blue-green Smart Village Program, Green Accounting, Green Procurement, Green Jobs and Enterprises, Green Reporting are some GDIs already applied. Focal point of implementation of National Green Reporting System of Sri Lanka and facilitates the promotion of sustainable Consumption and Production (SCP) concepts and provides inter and intra agency coordination for the incorporation of sub-sectoral SCP policies. The Blue-green Climate-Smart Villages program expects to development 10,000 climate resilient villages by 2030 covering all over Sri Lanka, as a direct obligation to the Paris Climate Agreement. Those priority programs linked to the climate change mitigation and adaptation opportunities. Sri Lankan communities possess great repository of traditional/ indigenous knowledge, customary sustainable uses supports autonomous adaptation to

		<p>climate change.</p> <p>Supportive Role: <i>This division will support the proposal development, Issuing no-objection letters, facilitate vulnerable communities for prospective funding to enhance resilience, and implementation of regulations related to human settlements and industrial development and climate change for NDA..</i></p>
12	Human Resources Development Unit (Assistant Director)	<p>Mobilizes and manage of human resources for operationalization of technical and supportive functions, undertaking capacity needs assessments for the NDA, Preparation of a Human Resource Management Policy and a capacity building plan for the NDA and its implementation and Facilitating and coordinating national and international capacity building programs. Most of the national-international capacity building programs related to climate change are managed by this division.</p> <p>Supportive Role: <i>This division will support for capacity development of HR related to climate change for NDA.</i></p>
13	Projects Unit (Deputy Director)	<p>Facilitating implementation, coordination, and monitoring of the projects.</p> <p>Supportive Role: <i>This division will support coordination and monitoring of the projects related to climate change for NDA</i></p>
14	International Relations Division (Director)	<p>Mainly responsible for the coordination of International Environment Conventions and facilitating NDA to act as the National Focal Point for International Environment Conventions especially UNFCCC. Further, Payments for Annual Country Contributions for the International Environment Convention are done through this division. Moreover, functioning as the National Focal Point for Global Environment Facility (GEF) and regular monitoring of the projects are implemented under GEF Funding. Additionally, this supports for coordinating and facilitating the environment projects and programs which are implemented by the NDA with the collaboration of International Organizations.</p> <p>Supportive Role: <i>This division will support for international negotiation related to climate change for NDA</i></p>

Note: The NDA must possess certain capacities perform the above mentioned role and key functions effectively and efficiently. The capacities of NDA core group listed in Table S1 will fulfil the four clusters and capacities recommended by the GCF

1. **Awareness raising and communication capacities:** The NDA must actively engage in raising awareness among multiple stakeholders at the national and sub-national levels. Therefore, the NDA must be familiar with the efforts and needs for climate change mitigation and adaptation aspects at the country level. The NDA also must be familiar with the relevant in-country institutions and stakeholders as far as the climate actions are concerned.
2. **Knowledge & capacity building-related capacities:** The NDA must possess the knowledge of national priorities, strategies, and plans, etc. related to climate change. Currently the NDCs and SDG priorities of a country are being treated as the country priorities according to the Paris Agreement.
3. **Capacities to oversight & ensure alignment with country priorities:** The NDA must have the ability to ensure that the financing actions are aligned with the GCF country programme while building synergies with other national priorities including SDGs and NDCs. GCF has established "Environment and Social Standards (ESS), fiduciary standards and gender principles under the guidance of the COP. The NDA must be capable of ensuring compliance with these standards. The NDA must also have the capacity to access to climate change expertise
4. **Coordination and consultations capacities:** Capacity to facilitate and coordinate country coordination mechanisms are important for the NDA. It must be able to facilitate multi-stakeholder engagement for climate actions.

Annex 1

Checklist for issuing the Nomination Letter for Direct Access Entities (DAEs) to GCF

Name of the Organization:

.....

Date of the legal Registration:

.....

Registration number:

.....

Please fill the following

1. Is your organization legally registered in Sri Lanka for more than 5 years?

Yes No

1. Is your organization an independent organization?

Yes No

2. Has your organization received any foreign donor finance?

Yes No

If yes, please provide following details;

Donor	Name of the project	Duration	Amount in Rs.

3. Does the organization have experience on implementing climate change related projects?

Yes No

If yes, please list last 3 projects

Name of the project	Duration	Amount

4. Is your organization using an accounting software package for financial management?

Yes No

5. Is there an internal auditing system in the organization?

Yes No

6. Do you have an internal procurement policy?

Yes No

If yes, what is the implementation procedures?

.....

.....

.....

.....

.....

7. Is there an organizational policy on environmental safeguards?

Yes No

If yes, please provide a brief on how it is implemented

.....

.....

.....

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8. Do you have an organizational policy on social safeguards?

Yes No

If yes, please provide a brief on how it is implemented

.....

.....

.....

.....
.....

9. Do you have an organizational policy for Gender?
Yes No

If yes, please provide a brief on how it implemented
.....
.....
.....
.....
.....

10. Do you have experience on sub-granting/management of sub-grantees or developmental lending?
Yes No

11. What is the procedure in your organization for project management?
.....
.....
.....
.....
.....

12. Are there any on-going and/or previous legal cases against your organization on social and environment safeguards during the last 5 years
Yes No

Required Documents

- 1. Certified copy of the organization’s legal registration
- 2. Organizational structure and the composition of the governance body (Board of Directors)
- 3. A copy each of two recent (less than two years) publication done by the organization
- 4. A Summary of the largest project completed during the last three years.
- 5. A written statement on the need of applying for the GCF accreditation and how it contributes towards National Priorities – signed by the CEO/Manager/Head of division

Name of the contact point of your organization for GCF accreditation:

Telephone:

Email:

Annex 2

Sample Nomination Letter of DAE to the GCF

[Government Letterhead]

Mr. Yannick Glemarc
Executive Director
Secretariat of the Green Climate Fund
175 Art Center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea

Date:
Reference:
Page:

Subject: Expression of nomination for the application for accreditation to the Green Climate Fund

Dear Mr. Glemarc,

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

[Legal name of the applicant entity]
[Contact person: name]
[Contact details: telephone, address, email address]

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

Sincerely,

[Name of the contact point of NDA or focal point]
[Position/Title in Government]
[Division/Office]
[Ministry/Agency]

Annex 3

Template for submission of GCF Concept Notes (<https://www.greenclimate.fund/document/concept-note-template>)

GCF DOCUMENTATION

PROJECTS

Concept Note

Project/Programme Title: _____

Country(ies): _____

National Designated
Authority(ies) (NDA): _____

Accredited Entity(ies) (AE): _____

Date of first submission/
version number: YYYY-MM-DD/IV.QI

Date of current submission/
version number: YYYY-MM-DD/IV.QI



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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 Page](#).

Please submit the completed form to fundingproposal@gcfund.org,
using the following name convention in the subject line and file name:
"CN-[Accredited Entity or Country]-YYYYMMDD"

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

¹ 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](#)).

² See [here](#) for access to project preparation support request template and guidelines

³ Refer to the Fund's environmental and social safeguards ([Decision B.07/02](#))

Annex 4

Template for the 'No Objection Letter' for the Project Preparation Facility

To: The Green Climate Fund ("GCF")

[place], [date]

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

Dear Madam, Sir,

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

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

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

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

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

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

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

Kind regards,

Name:

Title:

Annex 5

Template for Submission of GCF-Funding Proposals

(<https://www.greenclimate.fund/document/funding-proposal-template>)

GCF DOCUMENTATION

PROJECTS

Funding Proposal

Project/Programme title:	<i><u>Please indicate the project title. Ideally this should reference the country where the project/programme will be implemented and be less than 100 characters, approximately 10-15 words.</u></i>
Country(ies):	<i><u>List all the countries where the project/programme will be implemented.</u></i>
Accredited Entity:	<i><u>Indicate the Accredited Entity submitting this proposal.</u></i>
Date of first submission:	<i><u>[YYYY/MM/DD]</u></i>
Date of current submission	<i><u>[YYYY/MM/DD]</u></i>
Version number	<i><u>[V.000]</u></i>



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Contents

Section A	PROJECT / PROGRAMME SUMMARY
Section B	PROJECT / PROGRAMME INFORMATION
Section C	FINANCING INFORMATION
Section D	EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA
Section E	LOGICAL FRAMEWORK
Section F	RISK ASSESSMENT AND MANAGEMENT
Section G	GCF POLICIES AND STANDARDS
Section H	ANNEXES

Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the [GCF Information Disclosure Policy](#), project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

"FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]"

Sample Page of the GCF Funding Proposal Template



A

A. PROJECT/PROGRAMME SUMMARY									
A.1. Project or programme	Choose an item.	A.2. Public or private sector	Choose an item.						
A.3. Request for Proposals (RFP)	<p><i>If the funding proposal is being submitted in response to a specific GCF Request for Proposals, indicate which RFP it is targeted for. Please note that there is a separate template for the Simplified Approval Process and REDD+.</i></p> <p>Choose an item</p>								
A.4. Result area(s)	<p><i>Check the applicable GCF result area(s) that the <u>overall</u> proposed project/programme targets. For each checked result area(s), indicate the estimated percentage of GCF budget devoted to it. The total of the percentages when summed should be 100%.</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%; border: none; vertical-align: top;"> <p>Mitigation: Reduced emissions from:</p> <p><input type="checkbox"/> Energy access and power generation:</p> <p><input type="checkbox"/> Low-emission transport:</p> <p><input type="checkbox"/> Buildings, cities, industries and appliances:</p> <p><input type="checkbox"/> Forestry and land use:</p> <p>Adaptation: Increased resilience of:</p> <p><input type="checkbox"/> Most vulnerable people, communities and regions:</p> <p><input type="checkbox"/> Health and well-being, and food and water security:</p> <p><input type="checkbox"/> Infrastructure and built environment:</p> <p><input type="checkbox"/> Ecosystem and ecosystem services:</p> </td> <td style="width: 30%; border: none; vertical-align: top;"> <p>GCF contribution:</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> </td> </tr> </table>			<p>Mitigation: Reduced emissions from:</p> <p><input type="checkbox"/> Energy access and power generation:</p> <p><input type="checkbox"/> Low-emission transport:</p> <p><input type="checkbox"/> Buildings, cities, industries and appliances:</p> <p><input type="checkbox"/> Forestry and land use:</p> <p>Adaptation: Increased resilience of:</p> <p><input type="checkbox"/> Most vulnerable people, communities and regions:</p> <p><input type="checkbox"/> Health and well-being, and food and water security:</p> <p><input type="checkbox"/> Infrastructure and built environment:</p> <p><input type="checkbox"/> Ecosystem and ecosystem services:</p>	<p>GCF contribution:</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p>				
<p>Mitigation: Reduced emissions from:</p> <p><input type="checkbox"/> Energy access and power generation:</p> <p><input type="checkbox"/> Low-emission transport:</p> <p><input type="checkbox"/> Buildings, cities, industries and appliances:</p> <p><input type="checkbox"/> Forestry and land use:</p> <p>Adaptation: Increased resilience of:</p> <p><input type="checkbox"/> Most vulnerable people, communities and regions:</p> <p><input type="checkbox"/> Health and well-being, and food and water security:</p> <p><input type="checkbox"/> Infrastructure and built environment:</p> <p><input type="checkbox"/> Ecosystem and ecosystem services:</p>	<p>GCF contribution:</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p> <p><u>Enter number</u>%</p>								
A.5. Expected mitigation impact	<i>Indicate t CO2eq over lifespan</i>	A.6. Expected adaptation impact	<p><i>Indicate total number of direct and indirect beneficiaries</i></p> <hr/> <p><i>Indicate % of population</i></p>						
A.7. Total financing (GCF + co-finance)	___ Choose an item.	A.9. Project size	Choose an item.						
A.8. Total GCF funding requested	___ Choose an item. <i>For multi-country proposals, please fill out annex 17.</i>								
A.10. Financial instrument(s) requested for the GCF funding	<p><i>Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"><input type="checkbox"/> Grant <u>Enter number</u></td> <td style="width: 50%; border: none;"><input type="checkbox"/> Equity <u>Enter number</u></td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Loan <u>Enter number</u></td> <td style="border: none;"><input type="checkbox"/> Results-based payment <u>Enter number</u></td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Guarantee <u>Enter number</u></td> <td style="border: none;"></td> </tr> </table>			<input type="checkbox"/> Grant <u>Enter number</u>	<input type="checkbox"/> Equity <u>Enter number</u>	<input type="checkbox"/> Loan <u>Enter number</u>	<input type="checkbox"/> Results-based payment <u>Enter number</u>	<input type="checkbox"/> Guarantee <u>Enter number</u>	
<input type="checkbox"/> Grant <u>Enter number</u>	<input type="checkbox"/> Equity <u>Enter number</u>								
<input type="checkbox"/> Loan <u>Enter number</u>	<input type="checkbox"/> Results-based payment <u>Enter number</u>								
<input type="checkbox"/> Guarantee <u>Enter number</u>									
A.11. Implementation period	<i>Indicate the number of years and months the project/ programme is expected to be implemented.</i>	A.12. Total lifespan	<i>Indicate the maximum number of years over which the impacts of the investment are expected to be effective.</i>						
A.13. Expected date of AE internal approval	<p><i>This is the date that the Accredited Entity obtained/will obtain its own approval to implement the project/ programme, if available. Click or tap to enter a date.</i></p>								
A.14. ESS category	<p><i>Refer to the AE's safeguard policy and GCF ESS Standards to assess your FP category. Choose an item.</i></p>								
A.15. Has this FP been submitted as a CN before?	Yes <input type="checkbox"/> No <input type="checkbox"/>	A.16. Has Readiness or PPF support been used to prepare this FP?	Yes <input type="checkbox"/> No <input type="checkbox"/>						
A.17. Is this FP included in the entity work programme?	Yes <input type="checkbox"/> No <input type="checkbox"/>	A.18. Is this FP included in the country programme?	Yes <input type="checkbox"/> No <input type="checkbox"/>						

Annex 6

Template for the No Objection Letter for Funding Proposal

To: The Green Climate Fund ("GCF")

[place], [date]

Re: Funding proposal for the GCF by [name Accredited Entity] regarding [name: project/ programme]

Dear Madam, Sir,

We refer to the project [or programme] [name project [or programme]] in [country] as included in the funding proposal submitted by [name Accredited Entity] to us on [date].

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

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project [or programme] as included in the funding proposal.

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

- (d) The government of [country] has no-objection to the project [or programme] as included in the funding proposal;
- (e) The project [or programme] as included in the funding proposal is in conformity with [country]'s national priorities, strategies and plans;
- (f) In accordance with the GCF's environmental and social safeguards, the project [or programme] as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project [or programme] as included in the funding proposal has been duly followed.

[We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.]

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

Kind regards,

Name:

Title:

Annex 7

Environment and Social Safeguard screening Form

Exclusion criteria	Yes	No
Will the activities involve associated facilities or generate cumulative impacts that would require further detailed due diligence and management planning?		
Will the activities involve trans-boundary impacts including those that would require further due diligence and notification to affected regions/districts?		
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children?		
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?		
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies?		
Will the proposed activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?		
Will the activities be located in protected areas and areas of ecological significance including critical habitats, key biodiversity areas, and internationally recognized conservation sites?		
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and development of inclusion and development plans?		

Adopted from GCF (2018) Guidelines on Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process

Annex 8

Environment and Social Action Plan

Summary of risks	Mitigation measures	Risk significance (Expected, highly likely, moderately likely, not likely, and slight)	Responsible party/person	Schedule	Expected results	Cost/Budget

Adopted from GCF (2018) Guidelines on Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process

Annex 9

Summary of Key Policy Instruments Effective in GCF-related Activities

(1) Environmental and Social Safeguards, including the Environmental and Social Policy⁵³

The GCF will effectively and equitably manage environmental and social risks and impacts, and improve outcomes of all GCF-financed activities. This is facilitated by a set of management processes and procedures that allow GCF to identify, analyze, avoid, minimize, and mitigate any potential adverse environmental and social impacts of its activities, to maximize environmental and social benefits, and to improve the environmental and social performance of GCF and its activities consistently over time.

The Environmental and Social Policy (ESP) articulates how GCF integrates environmental and social considerations into its decision-making and operations to effectively manage environmental and social risks and impacts and improve outcomes. The ESP belong to the Environmental and Social Management System (ESMS) of the GCF and is a broad operational framework that enables the GCF to incorporate social and environmental considerations into its decision-making processes and operations. The ESS is one element of this framework, along with the ESS and other management processes.

(2) Gender Policy⁵⁴

The GCF recognizes the importance of gender equality regarding access and impact of climate funding. The Governing Instrument of the GCF pursues gender-balance in the appointments of members of its Board and Secretariat and establishes a clear mandate to enhance a gender-sensitive approach in the Fund's processes and operations. As a result, the GCF has adopted a Gender Policy (GP) and Action Plan based on guidance from the UNFCCC supporting gender equality, equity and sensitivity. This policy is based on the six fundamental principles, namely,

1. Commitment to gender equality and equity
2. Inclusiveness in terms of applicability to all GCF activities
3. Accountability for gender and climate change results and impacts
4. Country ownership, alignment with national policies and priorities and inclusive stakeholder participation
5. Competencies throughout the GCF's institutional framework

⁵³ <https://www.greenclimate.fund/projects/safeguards/ess#:~:text=The%20GCF%20environmental%20and%20social%20policy&text=It%20articulates%20how%20GCF%20integrates,and%20impacts%20and%20improve%20outcomes.>

⁵⁴ <https://www.greenclimate.fund/document/gender-policy>

6. Equitable resource allocation between women and men

The updated GP and Action Plan adopted by the GCF during its 21st Board meeting in October 2018 focuses on '*gender responsiveness*' rather than '*gender sensitivity*'. This implies an effort that goes beyond identifying gender issues or ensuring a "do no harm" approach, and rather establishing a process that substantially helps to overcome historical gender biases. The Gender Equality Policy updated during the 22nd Board meeting of GCF in February 2019 has three main objectives:

- (i) Supporting climate change interventions and innovations through a comprehensive gender-responsive approach, applied both within the institution and by its network of partners, including AEs, NDAs and focal points, and delivery partners for activities under the GCF Readiness and Preparatory Support Program;
- (ii) Promoting climate investments that:
 - (a) Advance gender equality through climate change mitigation and adaptation actions;
 - (b) Minimize social and gender-related and climate-related risks, while also seeking to promote respect for and observance of human rights of all people, irrespective of gender from vulnerable or marginalized communities in all climate change actions; and,
- (iii) Reducing the gender gap resulting from climate change exacerbated social, economic and environmental vulnerabilities and exclusions through strategic climate investments that mainstream gender equality issues.

(3) Indigenous People's Policy⁵⁵

An Indigenous Peoples Policy (IPP) was approved by the GCF at its 19th Board Meeting approved held in February–March 2018, responding to the need to engage indigenous peoples in climate change policies and actions, as enshrined in the Cancun and Paris Agreements, the GCF approved this policy aiming to ensure that:

- (a) Indigenous peoples receive culturally appropriate social and economic benefits arising from GCF activities; and
- (b) Do not suffer during the design and implementation of GCF-financed activities.

The eight policy principles of IPP are;

- (1) Develop and implement free, prior and informed consent
- (2) Respect and enhance the rights of indigenous peoples to their lands, territories and resources

⁵⁵ <https://www.greenclimate.fund/document/indigenous-peoples-policy>

- (3) Recognise key international human rights and principles
- (4) Respect the right of indigenous peoples under voluntary isolation
- (5) Respect and recognise traditional knowledge and livelihood systems
- (6) Enhance the capacity for indigenous people's issues within GCF
- (7) Facilitate access to GCF resources for indigenous peoples, and
- (8) Respecting the system of self-governance

The GCF, NDA and AEs are the main organizations responsible for the implementation of this policy. During the accreditation process, the GCF is responsible for assessing the entities' capacity to implement the IPP and will support them to improve such capacity. The NDA and the AEs may seek support to implement the IPP through readiness and preparatory support proposals and funding proposals for various initiatives, including:

- (a) Support for the development priorities of indigenous peoples through programs, (such as community-driven development programs) developed by governments in cooperation with indigenous peoples;
- (b) Preparation of participatory profiles of indigenous peoples to document their culture, demographic structure, gender and intergenerational relations and social organization, institutions, production systems, religious beliefs and resource-use patterns; and,
- (c) Facilitating partnerships among the government, indigenous people's organizations, civil society organizations, and the private sector to promote the climate resiliency of indigenous people's communities.

(4) Anti-money-laundering/countering the financing of terrorism and prohibited practices⁵⁶

The GCF is committed to the highest ethical standards regarding anti-money laundering (AML) and countering the financing of terrorism (CFT) consistent with the Financial Action Task Force (FATF) recommendations in its "International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation". This AML/CFT Policy (the Policy) aims to safeguard the GCF against money laundering (ML) and the financing of terrorism (FT or TF). The Policy outlines the principles and minimum standards of internal AML/CFT controls which should be adhered to by the GCF to mitigate reputational, regulatory, legal and financial loss risks.

⁵⁶ <https://www.greenclimate.fund/sites/default/files/document/aml-cft-policy.pdf>

(5) Fiduciary principles and standards⁵⁷

The GCF's fiduciary principles and standards will distinguish between basic fiduciary criteria and specialized fiduciary criteria, which will reflect the institutional capacities necessary to deliver against the Fund's objectives and in accordance with the scope of responsibilities entrusted to the Executing Entity (EE) or Implementing Entity (IE).

(6) Policy on Co-financing⁵⁸

The GCF Policy on Co-financing sets out key principles and approaches to determine and monitor public and private co-financing applicable to all GCF-funded activities. The Policy provides guidance on determining, reporting and monitoring co-financing in GCF-funded activities, consistent with paragraphs 54 and 57 of the Governing Instrument for the GCF. The Policy also contains provisions to support GCF in accounting for and reporting on the mobilization of private finance to maximize the impact of GCF interventions in developing countries while assisting entities and countries in understanding, defining and applying the concept of co-financing in the specific context of the mandate of GCF.

(7) Policy on Fees⁵⁹

This GCF policy sets out the Fees Structure for AEs(=) of GCF for public sector grants for projects/programmes and project/programme preparation under the PPFs, and to Delivery Partners (DPs) for grants under the Readiness Programme, including for NAPs and other adaptation planning processes.

(8) Independent Redress Mechanism⁶⁰

To ensure GCF's accountability to its own policies and procedures, an Independent Redress Mechanism (IRM) has been established by the GCF Board. It is meant to address complaints from people in developing countries who are affected by GCF-funded activities in a transparent and effective manner. Cases can be filed with the IRM by two or more people who believe they have been directly affected by adverse impacts through the failure of a project or program funded by GCF to implement GCF's operational policies and procedures, including environmental and social safeguards. Other kinds of complaints, such as allegations of corruption and irregular procurement, are handled by separate independent units associated with GCF, including the Independent Integrity Unit (IIU).

⁵⁷ <https://www.greenclimate.fund/document/initial-fiduciary-principles-and-standards-fund>

⁵⁸ <https://www.greenclimate.fund/document/policy-co-financing>

⁵⁹ <https://www.greenclimate.fund/document/policy-fees>

⁶⁰ <https://irm.greenclimate.fund>

Annex 10

Frequently Asked Questions

(1) Objectives, Facilities, and Access Modalities

(a) What is the Green Climate Fund (GCF)?

The GCF is the climate financing mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It was created in 2010 to help developing countries respond to the climate challenge and to promote a global shift to low-emission and climate-resilient development pathway.

(b) What kind of projects will the Fund support?

The GCF will support projects that will contribute to its strategic impact areas and those that will sufficiently meet its investment criteria including country ownership, impact potential, paradigm shift potential, sustainable development potential, responsiveness to clients' needs and, efficiency and effectiveness.

(c) What types of funding and support does the GCF provide?

GCF has various funding windows, including:

- Regular submissions/funding
- Readiness funding
- Project Preparation Proposal
- Private Sector Facility
- Simplified Approval Process Pilot Scheme
- Requests for Proposals

(d) Who can access the Fund?

National government agencies, private entities, local government units, and civil society organizations, among others, can access the Fund through GCF-accredited entities

(Direct Access Entities) which will submit funding proposals for climate change adaptation and/or mitigation projects to the GCF. Non-accredited entities may still engage with the Fund if they partner with accredited entities for projects.

(e) Is there a limit to the amount an organization can access for a project?

GCF funding can be any of the following:

- Micro: up to US \$ 10 million
- Small: up to US \$ 50 million
- Medium: up to US \$250 million

- Large: above US \$250 million

The maximum amount of funding that can be accessed depends on the approved accreditation status of the Accredited Entity.

(f) Does the GCF provide help in preparing project proposals?

Yes, the GCF has a Project Preparation Facility (PPF) which supports project and program preparation costs for all accredited entities. To access this, a PPF request should be submitted by an accredited entity to ppf@gcfund.org with the following documents: PPF application form, Project Concept Note, and a No Objection Letter from the national designated authority.

(g) What procedures to be followed in channeling finances for grant projects in Sri Lanka

The project proponents and implementers should the provided in Ministry of Finance Circular No. ERD/AE/GEN/16 dated 2nd October 2020 in channeling finances for grant-funded projects

(2) Concept Note and Funding Proposal Preparation and Submission

(a) Which agency is the National Designated Authority (NDA) for GCF in Sri Lanka?

The Ministry of Environment is the NDA for the GCF-related activities in Sri Lanka. It ensures that all project proposals are aligned with the country's national sustainable development objectives; issues the no-objection letter for funding proposals submitted to GCF; and nominates direct access entities for accreditation.

(b) What are the steps for submitting a funding proposal?

The issuance of the No Objection Letter for a GCF-Funding Proposal (FP) to be submitted to the NDA follows a No Objection Procedure of the NDA. It is a step-by-step guide to submitting a funding proposal.

It is important to emphasize that a project proponent and/or accredited entity should submit the Concept Note (CN) to the NDA for endorsement to GCF. The Recommendation Procedure of Sri Lanka prescribes that all CN pass through NDA to ensure country ownership, avoid project design overlaps, and receive strategic direction and guidance.

(c) When and where can we submit a Concept Note and/or Funding Proposal?

Submission of CN and/or FPs can be done anytime to the NDA.

(d) Which reference can we use in developing project ideas for a Concept Note and/or Funding Proposal?

The Country programme serves as the primary reference for the development of priority projects/programmes for GCF funding.

(3) Co-Financing

(a) Should all funding proposals submitted to GCF be supported with co-financing?

Yes. With Sri Lanka being considered a middle-income country in development work arena, funding proposals from the country are expected to be supported by co-financing.

(b) Are there written policies on co-financing for GCF?

To date, GCF has not issued any written policies on co-financing yet. Essentially, however, non-related costs of a project should be provided by co-financing. Co-financed resources are considered part of the whole funding proposal and are seen as country commitments and strategic partnerships for project implementation.

(c) Is there a minimum amount of co-financing for a project?

To date, no written policy on this has been released yet by GCF. The assessment of necessary co-financing for projects are undertaken on a case by case basis, or depending on the project design, financial structure/mix being proposed, and type of funding window being accessed.

(4) About Direct Access Entities and Project Implementation

(a) Who are the GCF-accredited entities in Sri Lanka?

As of October 2020, there is no DAE in Sri Lanka. However, the DFCC bank is in the verge of obtaining accreditation as a DAE.

(b) Who will monitor approved projects?

Apart from the NDA carrying out its M&E activities through an independent committee, the AEs, such as DAE, are generally responsible for monitoring GCF-Supported projects and reporting their progress in meeting the CGF's investment criteria.

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- GCF Board Decision (GCF/B08/10): <https://www.greenclimate.fund/sites/default/files/document/gcf-b08-10.pdf>
- GCF Concept Note Submission Template: <https://www.greenclimate.fund/document/concept-note-template>
- GCF Environmental and Social Safeguard Policy: <https://www.greenclimate.fund/projects/safeguards/ess#:~:text=The%20GCF%20environmental%20and%20social%20policy&text=It%20articulates%20how%20GCF%20integrates.and%20improves%20outcomes>
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