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Ministry of Finance

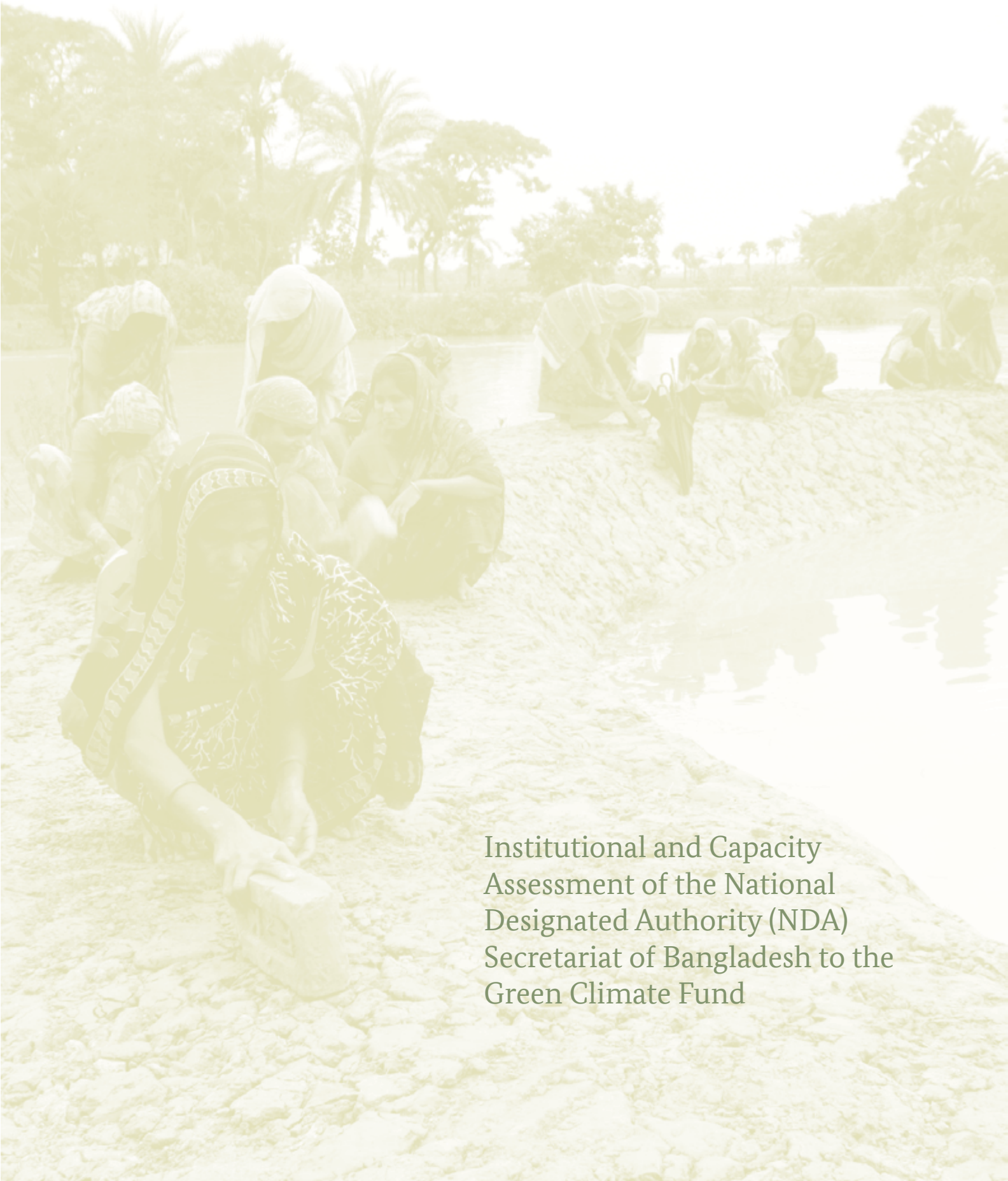


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# Institutional and Capacity Assessment of the National Designated Authority (NDA) Secretariat of Bangladesh to the Green Climate Fund





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**Report prepared by:**

Dr. Jason Yapp

**Edited by:**

Frances Hunt

**Special contributions from:**

Md. Ashadul Islam, Director General, NGO Affairs Bureau

Shamima Nargis, Additional Secretary, ERD

Mohammad Iftekhar Hossain, Deputy Secretary, ERD

Bjoern Surborg, PhD, Principal Advisor-Climate Finance, GIZ

Lars Andersen, Advisor- Climate Finance Readiness Programme(CF Ready), GIZ

Firdaus Ara Hussain, Senior Advisor-Climate Finance Governance and Readiness, GIZ

Md. Reaj Morshed, Advisor - Climate Finance and Policy, GIZ

**Guidance:**

Mohammad Mejbahuddin, Senior Secretary, ERD and NDA of Bangladesh to the GCF

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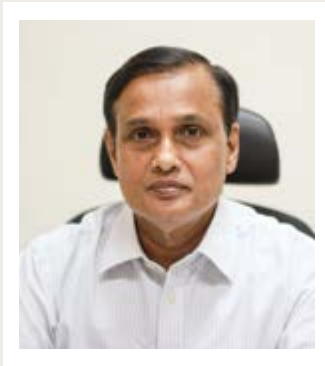
## Acronyms and abbreviations

ADP	Annual Development Programme	IMED	Implementation Monitoring and Evaluation Division
ADB	Asian Development Bank	IPA	In-Principle Approval
BCCRF	Bangladesh Climate Change Resilience Fund	KfW	Kreditanstalt für Wiederaufbau
BCCSAP	Bangladesh Climate Change Strategy and Action Plan	LDC	Least Developed Country
BCCTF	Bangladesh Climate Change Trust Fund	LEDS	Low Emission Development Strategies
BRAC	Bangladesh Rural Advancement Committee	MDTF	Multi Donor Trust Fund
BPC	Bangladesh Planning Commission	MIE	Multi-lateral Implementing Entity
C&AG	Comptroller and Auditor General	MoEF	Ministry of Environment and Forests
CBA	Cost Benefit Analysis	MoF	Ministry of Finance
CBO	Community-Based Organisation	MRV	Monitoring, Reporting and Verification
CF	Climate Finance	MTBF	Medium Term Budget Framework
CPEIR	Climate Public Expenditure and Institutional Review	NAMA	Nationally Appropriate Mitigation Actions
CSO	Civil Society Organization	NAPA	National Adaptation Program of Action
CSP	Country Strategy Programme	NAP	National Adaptation Plan
DoE	Department of Environment	NDA	National Designated Authority
DPP	Development Project Proposal	NIE	National Implementing Entity
ECNEC	Executive Committee of the National Economic Council	NSDS	National Sustainable Development Strategy
ED	Executive Director	PDPP	Preliminary Development Project Proposal
EE	Executing Entity	PEC	Project Evaluation Committee
ERD	Economic Relations Division	PIM	Public Investment Management
ESMS	Environmental and Social Management System	PKSF	Palli Karma-Sahayak Foundation
ESS	Environmental and Social Safeguards	SIDS	Small Island Developing States
FYP	Five-Year Plan	SPCR	Strategic Programme for Climate Resilience
GCF	Green Climate Fund	tCO <sub>2</sub> e	Tonnes of Carbon Dioxide equivalent
GEF	Global Environment Facility	UNDP	United Nations Development Programme
GoB	Government of Bangladesh	UNFCCC	United Nations Framework Convention on Climate Change
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	WB	World Bank
IE	Implementing entity		





## Foreword



### **Mohammad Mejbahuddin**

Senior Secretary,  
Economic Relations Division (ERD),  
Ministry of Finance and  
National Designated Authority (NDA) of Bangladesh  
to the Green Climate Fund

At the UNFCCC Copenhagen Conference of Parties in 2009, the international community took the decision to set up the Green Climate Fund as a new international climate finance mechanism. The GCF is a new mechanism to transfer money from the developed to the developing world, for assisting developing countries in adaptation and mitigation actions.. The Fund carries high expectation that it will be the main mechanism for climate finance in the future, replacing other smaller climate funds. The GCF secretariat has become operational in 2014 and intends to invest USD 2.5 billion in 2016.

Under the Green Climate Fund, a National Designated Authority (NDA) is an institution nominated by the respective Government, with the authority and mandate to officially communicate and liaise with the Fund, through the Secretariat, and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund. The NDA will recommend to the Board funding proposals developed through a wide consultation process in the context of national climate strategies and plans.

The mandate of the Economic Relations Division (ERD) is to act as the focal point of the Government of Bangladesh for interfacing with the development partners as well as for co-ordination of all external assistance inflows into the country. It pursues its goal directly to mobilize external resources for socio-economic development of the country. ERD assesses the needs of external assistance, devises strategy for negotiations, formalizes and enables aid mobilization through signing of loans and grants agreements. Thus, in November 2014 the Government of Bangladesh made the conscious decision of nominating the Senior Secretary-Economic Relations Division as the National

Designated Authority to the Green Climate Fund. This allows accommodating the requirements of the GCF from the NDA within the Allocations of Business of the Government.

With new responsibilities comes new challenges and therefore, to support the effective cooperation with the Green Climate Fund, the NDA Secretariat was set-up immediately after the nomination of the NDA to support the coordination process. Since its establishment it has been able to achieve notable milestones such as securing USD 40 million from the Green Climate Fund as adaptation funding in coastal areas of Bangladesh, supported six potential National Implementing Entities (NIEs) in their process to accreditation to the Green Climate Fund and also organized business sessions for the private sector in order to raise awareness and identify opportunities for the private sector regarding potential access to the Green Climate Fund.

ERD envisions to establish an efficient, functional and digitalized NDA Secretariat. In that context it has taken the first step by conducting an institutional and capacity assessment. Through this assessment we are now better able to understand where we need to develop our capacity further and strategically move ahead to put the systems in place. We believe that the organizational development of the NDA secretariat is essential to adequately support the other processes and therefore we are committed to increase the functionality of the secretariat. A functionally efficient NDA Secretariat will be the key to not only identify critical areas of climate vulnerable nodes but also an open platform for inclusive partnership and knowledge generation and its use for tackling the scourge of climate change in Bangladesh.

## Acknowledgement

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**Ms. Shamima Nargis**  
Additional Secretary,  
Economic Relations Division,  
Ministry of Finance

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The NDA Secretariat welcomes the Institutional and Capacity Assessment report as it a timely initiative to develop our capacity to gain access to the Green Climate Fund (GCF). The Secretariat has assumed responsibilities immediately after its set-up in November 2014 and therefore needs to set proper structures and processes for effective coordination and co-operation with the GCF. The proposed procedures have been developed based on the suggestions from the stakeholders from the Government of Bangladesh, development partners and civil society. On behalf of the National Designated Authority (NDA) of Bangladesh to the Green Climate Fund (GCF), I would like to thank all the stakeholders for their co-operation and valuable input to this study.

The overall guidance of the study and report has been provided by Mr. Mohammad Mejbahuddin, Senior Secretary, Economic Relations Division (ERD), Ministry of Finance and National Designated Authority (NDA) of Bangladesh to the Green Climate Fund (GCF). I would also express my gratitude to the former head of the NDA Secretariat Additional Secretary, Mr. Ashadul Islam for his relentless guidance and support which has been key to this study from the very formulation to its finalization.

I would like to take the opportunity to thank Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for supporting the readiness activities in Bangladesh and bringing in Dr. Jason Yappto conduct this comprehensive study for the NDA secretariat. This has helped us identify the major areas of intervention with a view to develop its capacities further. I appreciate the technical and financial support provided by the CF Ready Programme, especially Dr. Bjoern Surborg, Ms. Firdaus Ara Hussain and Mr. Reaj Morshed from GIZ Bangladesh and Mr. Lars Andersen from GIZ Headquarters. We appreciate that the CF Ready Programme has financed the printing of this report.

Last but not least, I would like to thank all other colleagues from the ERD for their support and contribution towards this process. I hope this report will serve as a valuable resource for streamlining our processes towards direct access to the Green Climate Fund.

## Reflections

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**Tobias Becker**  
Country Director  
GIZ Bangladesh

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To assist climate change affected developing countries in adaptation and mitigation practices, the United Nations Framework Convention on Climate Change (UNFCCC), established the Green Climate Fund (GCF) in 2010. The GCF envisions bringing about transformational change and support countries in initiating a paradigm shift through climate change adaptation and mitigation initiatives. The German Government is committed to the objectives of the GCF and offers climate finance readiness assistance to a number of partner countries, including Bangladesh. The German Federal Ministry for Economic Cooperation and Development (BMZ) has entrusted the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with the implementation of the Climate Finance Readiness Programme (CF Ready) in Bangladesh. The CF Ready Programme offers customised, long-term capacity development and technical cooperation to the NDA Secretariat in Bangladesh.

The Government of Bangladesh is a significant contributor to the international dialogue around climate change and finance. Through the nomination of the Economic Relations Division as the National Designated Authority (NDA) in Bangladesh to the GCF, the Bangladesh Government has taken an important step to integrate climate finance more closely into the national planning system and budgetary processes. We are particularly impressed by the pragmatic approach of the NDA in being quick to set up the NDA Secretariat to support the in-country coordination activities and liaise effectively with the GCF Secretariat. The NDA has also shown strong leadership in the selection of potential National Implementing Entities (NIEs) in order to facilitate direct access to the GCF.

In the process of strengthening its capacity and developing an efficient institutional structure the NDA Secretariat has conducted an institutional and capacity assessment, with the support of GIZ. This initial step has analysed the institutional setup of the NDA Secretariat, as well as possible alignment of procedures required by GCF with the national procedures. Input of key stakeholders into the assessment such as officials from Bangladesh Bank, Planning Commission, Department of Environment, IDCOL as well as development partners such as DfID, KfW, UNDP and others has been of particular importance to GIZ. This reflects GIZ's multi-dimensional approach towards Climate Change in its priority area "Adaptation to Climate Change in Urban Areas" where it is working together with the General Economics Division of the Planning Commission on including climate change in national and local development planning. Furthermore, it is working with the Ministry of Social Welfare on climate migrants and the Ministry of Environment and Forests on the improved implementation of the BCCSAP. GIZ is committed to be a trusted delivery partner to the Government of Bangladesh in its efforts towards addressing the effects of climate change better and especially looks forward to the continued cooperation with the NDA and the NDA Secretariat.

# Executive Summary



The overarching objective of this Institutional and Capacity Assessment is to support the Government of Bangladesh (GoB) in establishing an efficient, lean and functional Secretariat, operated and managed by competent experts who are capable of performing the roles and responsibilities required by the GCF. The NDA Secretariat will be supported with strong oversight and a governance structure, with access to an Advisory Committee made up of a roster of experts selected from a range of public partners (the Ministry of Finance [MoF], Bangladesh Planning Commission [BPC], Ministry of Environment and Fisheries [MoEF] and the Implementation Monitoring and Evaluation Division [IMED]), private partners (social entrepreneurs, bankers, industry captains, investors), and community service organisation (CSO) partners (community- and faith-based organisations).

This assignment seeks to assess the gaps, needs, opportunities and challenges in the setting up of the NDA Secretariat, with suggestions pertaining to its organisational structure in the short- and medium-term. These emerged from discussions with NDA Secretariat officials. Specifically, it assesses the institutional and human resources capacity of the current Secretariat in order to propose recommendations to further strengthen its existing capacity.

The main findings of this study are as follows:

## A. Institutional assessment: Bangladesh is ready to access GCF resources

The NDA and NDA Secretariat have achieved several key milestones since November 2014:

### Government of Bangladesh nominated the NDA and set up the NDA Secretariat

- The Senior Secretary of the ERD, MoF was nominated by the GoB as NDA.
- The NDA is supported by two government Additional Secretaries and one Deputy Secretary, who at the time of writing represent the NDA Secretariat.

### NDA and NDA Secretariat initiated the process of NIE selection and nomination

- In January 2015, an NIE accreditation stakeholder workshop was organised by the NDA Secretariat with support from the GCF Secretariat, GIZ and United Nations Development Programme (UNDP).
- Initially, 38 government agencies were identified from the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) as stakeholders in climate change.
- Fourteen of these agencies were shortlisted and, following GCF criteria, completed a process of self-assessment.
- Following three sets of stakeholder consultations and with international expert advice, the NDA Secretariat selected six of the 14 NIEs and issued each with a nomination letter authorising them to submit an application for accreditation to the GCF.
- Four of the six were issued with a username and password by the GCF and are in the final process of document submission (IDCOL was the first to apply for accreditation, in September 2015).

### NDA and NDA Secretariat cooperated with and supported two multi-lateral implementing entities (MIEs) – UNDP and Kreditanstalt für Wiederaufbau (KfW) – to submit project proposals for Bangladesh to the GCF for the GCF Board meeting (11 October 2015)

- After three rounds of ‘Call for proposals’ stakeholder workshops, the NDA Secretariat selected two adaptation proposals and issued two no-objection letters (to KfW and UNDP).
- These two proposals were submitted on 2 Aug 2015.

- They were prioritised from an original pipeline of 23 proposals (three from KfW, 10 from the Asian Development Bank [ADB] and 10 from UNDP).

### Stakeholders’ positive engagement with NDA and NDA Secretariat

- Stakeholders interviewed as part of this study stated they were impressed with the leadership, ownership and professionalism manifested by the NDA and NDA Secretariat staff.
- The NDA and NDA Secretariat staff also demonstrated good communication and coordination skills: requests and queries were dealt with promptly and professionally.
- BUT permanent and dedicated staff need to be appointed if such successes are to be sustained, particularly in view of the likely increase in requests and queries in the future.
- Staff need to continue to provide timely and up-to-date advisory services to partners by keeping abreast with the latest GCF rules and regulations. They should know where to seek external expert advice in order to make well-informed decisions without causing undue delays and to minimise frustration.
- Institutionalisation of the NDA Secretariat remains a challenge.

### Key lessons learned

- Placing the NDA and NDA Secretariat under the high-ranking MoF has the added advantage of providing them with the ability to command a convening authority that a line ministry might not be able to enjoy.
- NDA Secretariat needs more staff to be able to respond proactively to the growing demand and subsequent queries from the key stakeholders
- High turnover and transfer of staff could lead to a high loss of institutional memory, momentum and lessons learned.

## B. Capacity assessment

**Gap analysis of the roles and responsibilities of NDA Secretariat:** These roles and responsibilities, and the procedures, structure and capacities required to fulfill these roles are explained in detail in Table 2 of the main report. Table 2 also presents the current gaps in human capacity that this study has identified, along

with recommendations on how to fill these gaps and strengthen capacity.

**Set-up of no-objection procedures for submission of project proposals:** The assessment team consulted with key stakeholders within the Planning Commission, ERD and the relevant ministries, to ascertain the most effective way to align the no-objections procedure required by the GCF with GoB's project proposal appraisal, approval and implementation system (see Figure 4). This study proposes that executive entities (EEs) or agencies act as the interface between the GCF and the GoB system, providing an entry and exit point into the GCF system. Table 3 explains a) the procedural steps to be taken to fast-track the proposal appraisal through in-principle approval, and b) the capacity development required for each step. Table 4 summarises the SWOT analysis carried out for the set-up of procedures.

**Procedures for the nomination of prospective IEs for direct access to GCF:** The procedures this study proposes are presented and explained in detail in Figure 9, which includes a visualisation of the issuance of the nomination letter.

**Set-up of no-objection procedures for project proposals from the private sector:** The proposed procedures are visualised in a flowchart (see Figure 10).

**Capacity development plan:** Staff at the NDA Secretariat were first requested to complete a questionnaire, designed to aid self-assessment of their knowledge in regard to the roles and function of the Secretariat. Next, face-to-face interviews went through their answers to the questionnaires with detail. In particular, participants were asked to rate their level of knowledge of Secretariat's specific responsibilities. The summary of responses is listed in Table 5.

## C. Organisational Structure

To maintain the NDA Secretariat as a lean institution, in the short term the NDA may choose to recruit an adequate number of officers (Executive Director and Project Officer) and to provide support in the development and rapid appraisal of high quality proposals, while relying on external expert advice (such as that provided by the roster of sector experts provided by the Advisory Committee). However, as the demand for services progresses from proposal appraisal to the project/programme implementation phase, the NDA

may choose to strengthen in-house expertise further by recruiting additional officers (e.g. Deputy Executive Director, Project Management Officer, Policy Officer, Monitoring & Evaluation Officer) over the medium-term to strengthen the team. This reinforced NDA Secretariat will achieve the transition from reliance on MIEs to developing competent accredited NIEs which have strong absorptive capacity as well as an appetite for programme implementation.

## D. Conclusions

### i. Institutional capacity

- The fact that the NDA and NDA Secretariat have issued two no-objection letters and nominated six NIEs for accreditation over a nine-month period demonstrates that the Secretariat has a good understanding of its roles and responsibilities.
- There has been positive feedback and interaction between the NDA Secretariat and partners from the public sector and MIEs. However, outreach to the private sector and CSO partners needs to be strengthened and fostered.
- There is a need to identify the key private sectors and proven climate solutions which could, with GCF resources, be further scaled up.

**At the same time, the challenges faced by the NDA Secretariat can be summed up by the following questions:**

- How can the NDA Secretariat be institutionalised within the ERD, overcoming the perennial problems of high staff turnover and transfer, and preventing institutional memory loss?
- What new, permanent, dedicated staff should be appointed to provide continuity, retain high institutional memory, and sustain lessons learned through 'learning feedback loops'?
- How can we encourage and incentivise sector experts identified from private and CSO partners to join the Advisory Committee?
- How can we implement the in-principle approval of a preliminary development project proposal (PDPP)?

### ii. Capacity needs

- In-principle approval could provide a swift means to fast-track PDPP appraisal and GCF proposal

development, and facilitate alignment with GoB's Annual Development Programme (ADP).

- The Advisory Committee could provide external expertise to appraise the nomination of prospective implementing entities (IEs) and their subsequent proposals.
- A programmatic approach could be used to embed long-term capacity development.
- Capacity at NDA Secretariat needs to be strengthened in policy and regulatory, finance and business, project management and social, and gender capacity and stakeholder engagement areas.
- If implemented, the above will enable the appraisal team to support NIEs and appraise each proposal and nomination request rapidly and efficiently.

## E. Recommendations

Based on these conclusions, the following recommendations are proposed:

### i. An institution which is functional and well-aligned with GoB's ADP system

- In partnership with the Planning Commission, the in-principle approval procedure needs to be tested, adopted and refined to fast-track the appraisal of each preliminary PDPP, ensuring alignment with the GoB's ADP system.
- The approved PDPP will be converted into a proposal for GCF approval and subsequently converted into a DPP for Ministerial approval.

### ii. Capacity development plan: an NDA Secretariat which is competent and professional

To sustain the momentum and milestones achieved, and to develop high quality and competitive proposals which are transformative, paradigm shifting, bankable and scalable beyond a one-off project, the capacity of the NDA Secretariat will need to be further strengthened in the areas of:

- **Policy and regulatory capacity.** Secretariat staff must acquire the ability to identify whether proposals are well-aligned with national development aspirations and sectoral plans; have a good overview of climate activities so

that duplicative, ill-conceived and inconsistent proposals are spotted and rejected; ensure that proposals comply with national laws, regulations and standards; have a good understanding of policy de-risking instruments (e.g. minimum energy performance standard and labeling; fiscal incentives).

- **Technical capacity.** Staff should be equipped with decision-making tools to enable them to prioritise proposals which are bankable and scalable; have the ability to understand whether a project monitoring and evaluation plan is robust, with indicators which are SMART (specific, measurable, achievable, reportable and time-bound).
- **Financial capacity.** Staff should have an in-depth understanding of the GCF investment framework and its six criteria; which financial instruments (conditionality, advantages and disadvantages of grants, concessional loans, equity and guarantees) to use for the assessment of climate adaptation and mitigation proposals; clear distinctions between economic (public goods) and financial (private goods) internal rates of return; risk and return profile.
- **Business capacity.** Staff need to acquire an in-depth appreciation of inclusive and viable business models relevant for scaling and replicating climate solutions to benefit the poor, women, youth, disadvantaged and marginalised; value chain financing tools (start-up loans, matching rebate, partial loan guarantees).
- **Social and gender capacity.** Staff should have the ability to incentivise women and faith-based CBOs to create demand for affordable and competitive climate adaptation and mitigation solutions to reduce supply risks; empower the poor and disadvantaged with technical and business skills and incentivise them as value chain actors with access to affordable finance.
- **Stakeholder engagement.** Staff need to partner with, generate buy-in from, and leverage private sector resources and CSO actors to enable the scaling-up of climate solutions, and seek means to incentivise experts to join the Advisory Committee.

# 1 Objectives

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The overarching objective of this assignment is to support the ERD of the MoF in establishing an efficient, lean, functional and digitalised NDA Secretariat under it. According to discussions with staff at the NDA Secretariat, they are expected to be:

- **Efficient.** Competent staff need to be equipped with decision-making tools and knowledge products (e.g. handbooks, manuals) to enable them to make swift, balanced and well-informed decisions based on the evidence provided and thorough stakeholder consultation, without causing undue delays. They also should be proactive in addressing potential bottlenecks and barriers, to enhance coordination and communication in the submission of high quality proposals and nomination of high quality IEs.
- **Lean.** Adaptive management should be prudent in the cost-effective allocation of human and financial resources so that up-to-date technical, financial and business advisory services and support can be offered to public, private and CSO partners.
- **Functional.** Clear coordination and communication mechanisms should be supported with transparent and coherent oversight and governance structure to comply with GCF requirements.
- **Digitalised.** IT-literate staff should be capable of operating, managing and upgrading the ERD-NDA website with an online server and virtual office facility to minimise paper trails so that all stakeholders can access the server system irrespective of geography or time. This will be a small step towards institutionalising the NDA Secretariat.



## 2 Background

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The GCF was established in 2010 under the UNFCCC to assist developing countries to implement climate adaptation and mitigation solutions with a view to countering the impact of climate change. The GCF is a mechanism for raising funds internationally and mobilising climate finance; it also supports developing countries to adapt to the adverse impacts of climate change and to take a low carbon development path. Recipient countries must submit funding proposals through a NDA. The NDA recommends funding proposals for projects and programmes to the GCF Board, which are then developed in the context of national climate strategies and plans. Proposals need to be prepared through a broad-based, multi-stakeholder consultation process. Recipient countries are able to access the Fund directly through accredited NIEs. To achieving GCF accreditation, NIEs must meet stringent fiduciary standards, as well as environmental and social safeguards.

The German Government is committed to the objectives of the GCF and offers climate finance readiness assistance to a number of partner countries, including Bangladesh. The German Federal Ministry for Economic Cooperation and Development (BMZ) has entrusted Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with implementation of its Climate Finance Readiness Programme ('CF Ready') in Bangladesh. This programme offers customised, long-term capacity development and technical assistance to the partner agency.

GIZ's Global Climate Finance Readiness Programme plans to support the GoB in the areas of:

1. improved national coordination and capacity-building to facilitate government access to international climate finance and the GCF;
2. mainstreaming and integration of climate change solutions into the national development and budgetary system, and
3. promoting private sector engagement and the mobilisation of private sector resources.

In common with other climate funds, the GCF requires an NDA or focal point to act as the Fund's contact point. Specifically, the NDA has to take on the following tasks<sup>1</sup>:

*"[to] recommend to the Board funding proposals in the context of national climate change strategies and plans, including thorough consultation processes; facilitate the communication of nominations of entities to the Fund; seek to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies; implement the no objection procedure for proposals and nomination of prospective national entities for accreditation; and act as the focal point for Fund communication"*

GIZ is providing technical assistance to Bangladesh's ERD, to help it to set up the NDA Secretariat, strengthen its capacity, and support the selection of potential NIEs for accreditation. In January 2015, GIZ also supported a strategic workshop to facilitate the selection of these potential NIEs and their preparation for accreditation. The NDA of Bangladesh is the Senior Secretary of the ERD, MoF.

In order to capacitate Bangladesh's NDA Secretariat to undertake in-country coordination activities, and to perform the duties and responsibilities required of an NDA, certain organisational and capacity development activities need to be carried out. The Secretariat has to be well-established, with an efficient and workable organisational structure, and a clear identification of the roles and responsibilities of its human resources.

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1 [http://www.greenclimate.fund/documents/20182/24934/GCF\\_B.04\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Fourth\\_Meeting\\_of\\_the\\_Board\\_\\_26-28\\_June\\_2013.pdf/bc26b899-0372-41b3-bac8-937031aaaf53?version=1.1](http://www.greenclimate.fund/documents/20182/24934/GCF_B.04_17_-_Decisions_of_the_Board_-_Fourth_Meeting_of_the_Board__26-28_June_2013.pdf/bc26b899-0372-41b3-bac8-937031aaaf53?version=1.1)

# 3 Approach and Methodology

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To establish the ERD as a functional and efficient NDA, the following steps must be followed:

- a desktop review of key documents pertaining to the government's National Development Plan and climate policy, strategy and plans, documents and reports (e.g. Sixth and Seventh Five Year Plans, National Sustainable Development Strategy [NSDS], BCCSAP, CPEIR) and various funding mechanisms (e.g. BCCTF, BCCRF, SPCR, CIF);
- a preliminary meeting with representatives of GIZ and the NDA Secretariat to discuss the objectives and scope of the assignment and mission;
- a collection of documents pertaining to the ERD's Allocation of Business;
- a review and adoption of lessons learned from national and international climate projects/programmes (e.g. CDM, Adaptation Fund, REDD+, NAMA);
- bilateral interviews with ERD-NDA staff and key public, private and CSO stakeholders (e.g. nominated NIEs, project developers, banking institutions);
- a bilateral meeting with representatives from the public sector (e.g. from the Programming, and General Economics divisions of the BPC, DoE, IDCOL), MIEs (KfW, UNDP, WB, AFD, DFID) and CSO (BRAC), and
- a debriefing meeting with the NDA and key stakeholders to validate the findings, and to review the recommendations and capacity development plan on no-objection procedures between NDA and NIEs.

# 4 Institutional Assessment

This section seeks to identify and assess i) any gaps, ii) any action currently being taken, and iii) the support needed to make the ERD an effective NDA Secretariat, able to fulfill its roles and functions as stipulated by GCF requirements. The institutional linkages between ERD/NDA and other ministries, and private and CSO stakeholders, are also mapped.

## 4.1 Status of NDA Secretariat development and milestones achieved

**Getting Bangladesh ready to access GCF resources:** In June 2014, the GCF Secretariat invited the GoB to select the NDA and set up the NDA Secretariat to enable Bangladesh to get ready to access GCF resources. In response, the Minister of Finance selected as NDA the ministry’s Senior Secretary of the ERD; this was formally endorsed on 24 Nov 2014. On visiting the GCF Secretariat

in December 2014, the NDA was advised to start preparation to i) establish the NDA Secretariat, ii) select potential IEs for nomination and accreditation to the GCF, iii) prepare a country strategic framework, and iv) develop pipelines of prioritised proposals.

Since November 2014 the following milestones have been achieved (see Figure 1):

### i. Establishment of the NDA Secretariat

In response to GCF requests, the NDA has assigned two Additional Secretaries and one dedicated Deputy Secretary to operate and manage the NDA Secretariat.

### ii. Selection of IEs for nomination and accreditation

- In January 2015, the NDA organised the first GCF workshop in Bangladesh to select potential IEs from among government agencies for nomination as NIEs. This was supported by the GCF Secretariat, UNDP and GIZ, and the workshop report was submitted to the MoF.
- An initial long list of 38 government agencies was identified from the BCCSAP.

## Milestones of ERD-NDA establishment; achievements

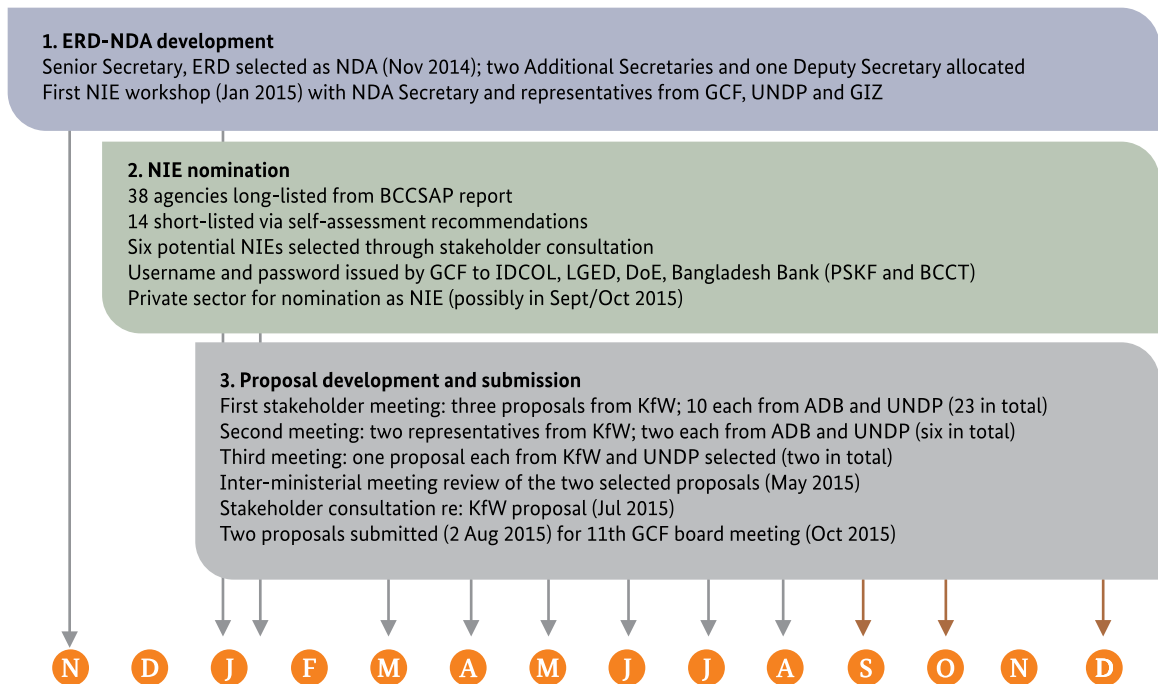


Figure 1: Milestones of ERD-NDA establishments and achievements

- Prior to the workshop, 14 agencies were shortlisted by the NDA to participate in a preliminary self-assessment exercise using the GCF accreditation criteria; they were supported in this by a consultant assigned by GIZ.
- Six potential NIEs were selected, based on the preliminary self-assessment and stakeholder consultation during the workshop.
- The NDA provided nomination letters to these six agencies and asked them to register for access to the online accreditation website.
- The GCF Secretariat issued user names and passwords to IDCOL, LGED, DoE and Bangladesh Bank; PSKF and BCCT are waiting to receive theirs. Some NIEs expect to submit their full supporting documents by the end of August 2015.

### iii. GCF proposal development and submission

- First stakeholder meeting: three project proposals from KfW (specific to GCF) and 10 each from ADB (existing loan and TA pipelines) and UNDP (pipeline with UNDP's own timeline) (23 in total) were presented;

- Two proposals submitted (2 Aug 2015) in time for the eleventh GCF Board meeting review (November 2015) (see Table 1).

### Lessons learned by NDA Secretariat

- There is a need to keep a close eye on the latest GCF developments in order to provide timely sound advice: rules and regulations are still being formulated and iterated, and thus keep changing.
- Delays by partners in responding to NDA Secretariat requests are frustrating at times.
- Incomplete submissions lead to delays.
- Not all the legal documents required by GCF for NIE accreditation are readily available within the institutions
- Documents in local languages translated into English need to be certified as 'true'.
- A capacity development programme is needed for IEs.
- There is a need for Advisory Committee involvement in project proposal appraisal.

**Table 1: Two proposals submitted to GCF in August 2015**

ME	Title	EE	GCF grant	Co-Funding (GoB)	Grant	Total
UNDP	Enhancing Women and Girls Adaptive Capacity to Climate Change in Bangladesh	Ministry of Women Children Affairs	35.482	15.043		50.525
KfW	Climate Resilient Infrastructure Mainstreaming (CRIM)	Local Government Engineering Division	40	25	15	80

- Second stakeholder meeting: two proposals from KfW, and two each from ADB and UNDP (six in total) were shortlisted;
- Third stakeholder meeting: one proposal from KfW and one from UNDP (2 in total) were finally selected;
- Inter-ministerial meeting (IMM) review of the two selected proposals (May 2015);
- Stakeholder consultation on the KfW proposal (July 2015);
- It is essential that high-level or senior management are engaged from the start to get strong buy-in and full commitment from public partners.
- A robust fiduciary system, which aligns with GCF requirements, needs to be developed at the NDA Secretariat to manage the funding received from the GCF Readiness Support Programme. Support from the Comptroller and Auditor General's office would be needed to develop this stringent fiduciary standard.

## 4.2 Feedback from stakeholders

The mission met stakeholders from the Programming Division, GED and representatives of the Agriculture, Water Resources & Rural Institution Division of the Planning Commission; Department of Environment, MoEF; KfW; IDCOL; UNDP; AFD, DFID, Bangladesh Bank, BRAC, World Bank and AFD, Prof Mizan Khan of North South University, Dhaka. Their feedback is summarised as follows:

### i. NDA and NDA Secretariat development

- Stakeholders and representatives were impressed with the high level of leadership, ownership and professionalism shown by the NDA and NDA Secretariat.
- The NDA Secretariat acknowledged that it does not have dedicated staff; it is working under GCF's moving targets and faces the challenge of aligning the GCF with the GoB system.
- The NDA Secretariat should:
  - appoint specific and dedicated staff with clear roles and functions;
  - provide timely technical and financial advisory services, e.g. the government position in regard to financial instruments (grants vs. concessional loans, equity and guarantees for adaptation and mitigation projects), and
  - develop knowledge products (e.g. handbooks, manuals and guidelines) for awareness raising and training of partners, including NIEs, executing entities [EEs] and members of the Advisory Committee).

### ii. Aligning GCF requirements with GoB systems

- GCF requirements need to be aligned with the government's public investment management (PIM) systems; opportunities for fast-tracking PIM need to be explored.
- GCF finance needs to be reflected within the ADP.
- A strategic framework for climate finance should be established in Bangladesh (enabling a clear prioritisation of which climate change projects are to be funded by ADP or other sources such as GCF)
- GoB needs to be clear about how GCF resources will be used.

- The NDA Secretariat needs clear decision-making tools for prioritising projects for pipeline development such as preference for adaptation project/programmes with a grant base.
- Expectations of the NIEs to access and develop a high quality proposal must be managed to avoid disappointment and frustration.

### iii. Communication and coordination mechanisms

- Timely issuance of no-objection and nomination letters with no unnecessary delays is essential.
- The NDA needs to take a proactive role in overcoming bottlenecks within the government system e.g. by providing support in obtaining the necessary documentation from other agencies within government.
- The NDA needs to enhance its facilitation role (between potential NIEs and the GCF Secretariat) in terms of accreditation requirements (for example, the NDA needs to provide certification regarding authenticity of documentation, e.g. documents translated from Bengali to English need to be certified as 'true').
- The NDA should enhance its advisory services and coordination meetings with potential NIEs.
- The NDA should negotiate with the GCF to obtain more flexible conditions (e.g. conditional accreditation).
- There needs to be increased involvement of academics, CSOs and the private sector.
- There should be increased involvement of the Office of Comptroller and Auditor General in auditing climate projects.

### iv. Key lessons learned in the design and implementation of climate finance projects/programmes

- Delays in decision-making and in issuing the letter of approval from DNA for CDM projects incur frustration on the part of the project developer and investor.
- Not all development has been inclusive.
- Many projects are designed as a one-off, with a poor exit strategy and a lack of financial sustainability beyond the project funding period.
- The project document template is long and cumbersome.

- There is a strong geographical imbalance, leaving out countries with poor capacity and low expertise.
- Many project documents are too long.
- Raising co-funding is difficult.
- Projects have been mostly mitigation-focused.
- Rejection of the MoEF as an NIE for the Adaptation Fund was mainly due to lack of fiduciary standards.
- To ensure proper implementation of GCF-funded projects, more capacity development of government agencies and NIEs is required, in areas of, among others, project proposal development (i.e. proposals submitted need to be high quality), absorption capacity, and fiduciary standards.
- Firmer oversight is needed by the NDA over the NIEs and projects being implemented.
- Involvement of development partners needs to be increased at the preparatory stage of project proposal development (possibly during stakeholder consultation).

# 5 Capacity Assessment

## 5.1 Roles and responsibilities of NDA Secretariat

As issued in GCF/B.05/06 (Business Model Framework: Countries' Transparent No-objection Procedure, 20 September 2013), the NDA will:

*“[r]ecommend to the Board funding proposals in the context of national climate change strategies and plans, including through consultation processes; facilitate the communication of nominations of entities to the Fund; seek to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies; implement the no objection procedure; and act as the focal point for Fund communication.”*

Figure 2 illustrates how the NDA Secretariat could help to mobilise GCF resources in country to scale up climate adaptation and mitigation solutions.

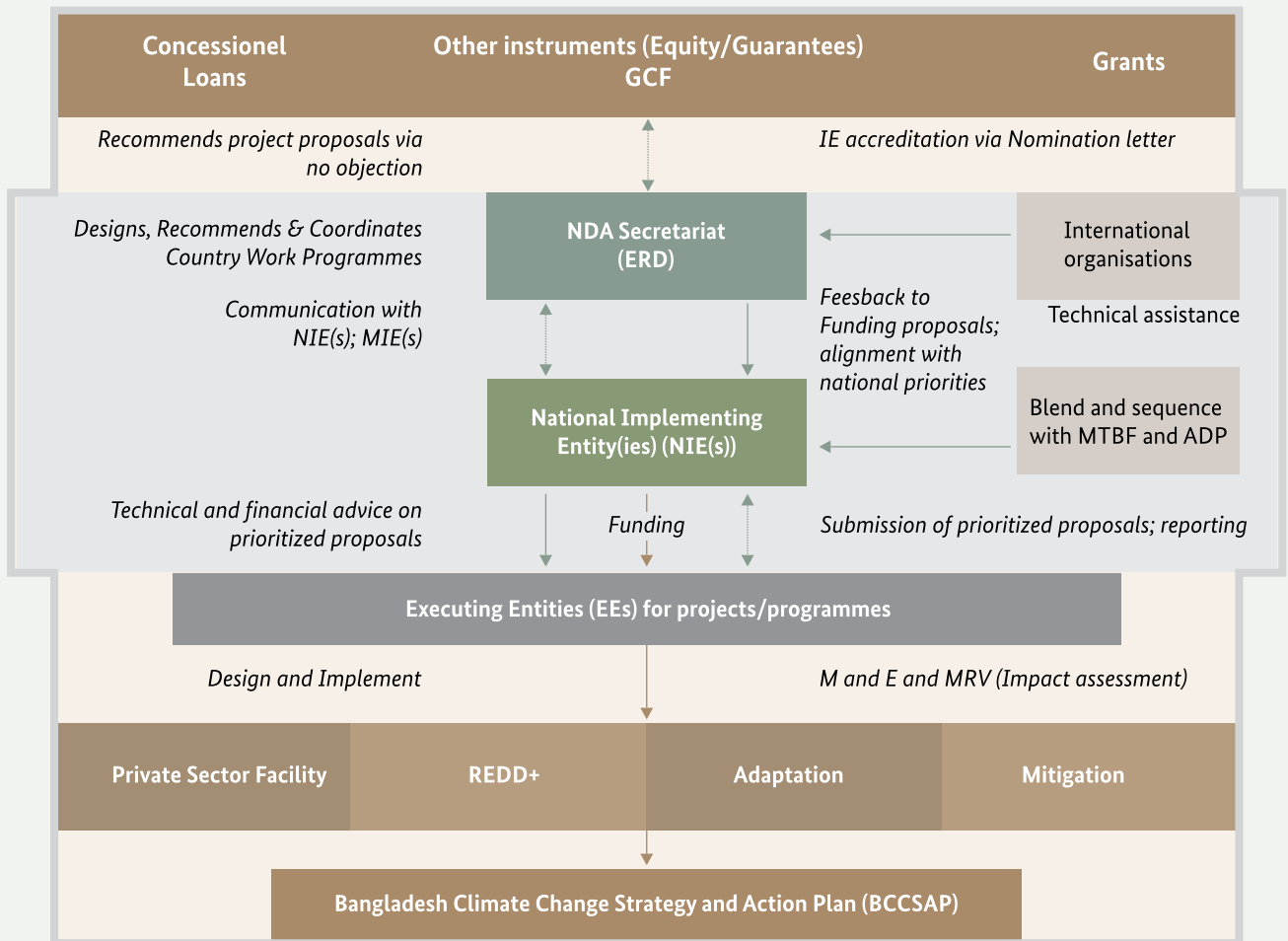


Figure 2: Roles and functions of NDA Secretariat in mobilising GCF resources

Table 2 identifies the roles and responsibilities of the NDA Secretariat, the additional capacities it needs, and gaps and recommendations to address these gaps.

**Table 2: Roles and responsibilities of the NDA Secretariat, capacities required and recommendations to address the gaps identified**

NDA responsibilities	Requisite activities (as per GCF Decision B.04/05)	Processes, procedures, structures and capabilities required	Current capacities within ERD-NDA Secretariat (based on desk study and interviews with staff members)	Short-term (2015-16): proposed roles and responsibilities within the NDA Secretariat	Medium-term (2016-20): proposed roles and responsibilities within the NDA Secretariat
<p><b>1. Act as the focal point for communication with GCF</b></p>	<p><b>Maintain regular communication with GCF Secretariat</b> (in English) through Internet-based correspondence, facilitate country visits and meetings with Fund's officials, and provide written communication as required.</p>	<p>- Ensure efficient communication between ERD-NDA Secretariat and GCF in terms of, for example:</p> <ul style="list-style-type: none"> <li>■ readiness activities and coordination;</li> <li>■ IE nomination (issuance of nomination letter);</li> <li>■ concept/proposal assessment/no-objection, and</li> <li>■ M&amp;E reporting.</li> <li>■ - Become familiar with relevant institutions/ stakeholders and with various finance sources; engage with respective stakeholders, particularly:</li> <li>■ relevant multilateral, bilateral, regional and global funding mechanisms</li> </ul>	<p>- Senior Secretary, ERD has been selected as NDA.</p> <p>- NDA was initially supported by i) the Wing Chief of the UN Wing, ii) an Additional Secretary, and iii) one Deputy Secretary. A second Additional Secretary then joined the UN Wing and is now a member of Team NDA.</p> <p>- Wing Chief and Deputy Secretary communicate with GCF via email and written correspondence, organise conference calls, facilitate country visits and meetings with GCF officials.</p> <p>- To date, NDA Secretariat has supported i) two MIEs (KfW and UNDP) with no-objection letters in their submission of two adaptation proposals to GCF for the November 2015 GCF Board meeting, and ii) six NIEs in the nomination and accreditation processes.</p>	<p>- In the short term, the Deputy Secretary and two Additional Secretaries will continue to support NDA and NDA Secretariat in their communication with GCF. However, as the volume of requests for proposals and nominations increases there will emerge a need to appoint an <b>additional officer (to help with communication and coordination operations) and a technical and financial officer (to fast-track proposal appraisal)</b>.</p>	<p>- In the medium term, we propose an oversight and governance structure, with the appointment of an Executive Director (ED) and Deputy ED (following GoB's civil service structure) to support the NDA and NDA Secretariat to communicate and coordinate GCF activities. NDA will need to decide if expertise is to be retained in-house or to rely on external expertise (to keep a lean structure). If the in-house method is preferred, the appraisal and management team could be further strengthened with the appointment of policy, financial/business, project management and MRV officers (see organisational structure, Figure 10, and officer TORs, Annex 2).</p>
	<p>Retain an overview of activities of other relevant multilateral, bilateral, regional and global funding mechanisms working in Bangladesh (oversee and streamline the country's engagement with all sources of internal and external climate finance) and be able to interact with private sector actors in the country.</p>		<p>- As a gateway to the screening and negotiation of international funding flow into Bangladesh, the ERD as NDA Secretariat is well-positioned to retain an overview of activities of all relevant multilateral, bilateral, regional and global funding mechanisms working in the country (and thus to oversee and streamline the country's engagement with all sources of internal and external climate finance).</p>	<p>- <b>However, the capability to interact with private sector and CSO partners needs to be strengthened</b> so that all potential international and national funds can be blended and sequenced with GCF resources as co-funding potential.</p>	<p>- Eventually all international and national climate funding could be tagged with fiscal management system.</p>



<p>Disseminate in local languages key operational procedures and requirements of the Fund, including fiduciary standards, environmental and social safeguards and the NDA's no-objection procedure.</p>	<ul style="list-style-type: none"> <li>- Develop and maintain national communication channels (e.g. NDA Secretariat website and server, media) and coordinate with line ministries, MIEs, NIEs and potential IEs (pubic, private and CSO) to disseminate:             <ul style="list-style-type: none"> <li>■ operational procedures of the GCF (and other funds);</li> <li>■ GCF requirements (including fiduciary standards and environmental, social and gender safeguards);</li> <li>■ no-objection procedures, and</li> <li>■ status of funding proposals and nomination and NDA programmes.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- There is currently no dedicated website to publicise NDA Secretariat and GCF activities, or any knowledge products developed for training in proposal and nomination preparation, and appraisal.</li> <li>- Most communication is done through email, written correspondence, and by special invitation from the NDA Secretariat.</li> </ul>	<ul style="list-style-type: none"> <li>- There may be a need to develop a dedicated website to publicise NDA Secretariat and GCF activities and announcements, and to act as repository for knowledge products (e.g. a handbook covering GCF requirements, guidelines on operational procedures for proposal and nomination preparation, appraisal and application).</li> <li>- An online server and virtual office system could help to reduce paper trails and help institutionalise and digitalise the NDA Secretariat to avoid institutional memory loss.</li> </ul>	
<p>Monitor and evaluate funded programmes in accordance with relevant guidelines and retain an overview of all funding proposals relating to the country and facilitate information on the projects and programmes through media and networks.</p>	<ul style="list-style-type: none"> <li>- Develop and maintain M&amp;E/MRV framework in coordination with IEs (e.g. amalgamate M&amp;E/MRV results of IEs) and update the ERD-NDA website</li> </ul>	<ul style="list-style-type: none"> <li>- As part of the Project Steering Committee, ERD is familiar with the M&amp;E system of project implementation under the ADP and IMED systems.</li> </ul>	<ul style="list-style-type: none"> <li>- All GCF projects under ADP will follow GoB's PIM system for project appraisal, approval, implementation, monitoring and evaluation system under the IMED (see Figure 4).</li> </ul>	<ul style="list-style-type: none"> <li>- However, in order to align GCF requirements with GoB's PIM system for project appraisal, approval, implementation, M&amp;E under IMED, an M&amp;E officer could be recruited over the medium term. This officer (in coordination with the Project Management Officer) would prepare a M&amp;E framework (to be used by all agencies, IEs and EEs) and would collate M&amp;E results from IEs, updating the website and reporting to the NDA Secretariat's ED. The Deputy ED would verify these results, report to the management and publish the results on the website.</li> </ul>

<p>2. Develop national priorities, strategies and plans</p>	<p>Develop strategic country work programme which identifies priorities for how Bangladesh can engage with the GCF.</p>	<ul style="list-style-type: none"> <li>- Become familiar with national adaptation and mitigation efforts and the country's needs</li> <li>- Build on existing strategies, policies, and needs assessments (including climate resilience and low emission development strategies, NAMA, LEDS, and adaptation programme)</li> <li>- In order to ensure consistency with national priorities, strategies, and plans and avoid duplication, interact and coordinate with other ministries and the focal points and designated authorities of other funds (GEF, Adaptation Fund, REDD+) complementary with existing initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Staff members are well-acquainted with national development aspirations and plans (e.g. Seventh 5 Year Plan, Sectoral Plan); however, they require support in the prioritisation of projects which are aligned with national development and the climate agenda (e.g. BCCSAP, NSDS, NAPA, steel NAMA, and the NAP currently being developed).</li> </ul>	<ul style="list-style-type: none"> <li>- In partnership with MoEF and Planning Commission, support is needed to develop knowledge products (e.g. handbook, guidelines and template) for training NDA staff to i) appraise proposals and determine which are well-aligned with the country's national development plan and climate agenda, and ii) identify ill-conceived, duplicative or one-off proposals which are not sustainable, scalable or replicable.</li> </ul>	<ul style="list-style-type: none"> <li>- A Policy Officer could be recruited to support and guide the NDA and NDA Secretariat in the appraisal of proposals to identify those which are well-aligned with national development aspirations and climate agenda and to avoid ill-conceived and duplicative proposals. The Policy Officer could also facilitate the process of informing the NDA Secretariat regularly on the latest policies relevant to it, and prepare input for the strategic country work programme.</li> <li>The NDA Secretariat ED and Deputy ED would verify and pass on recommendations to the NDA.</li> <li>The Advisory Committee assists the development process by commenting upon and the NDA by eventually approving the drafts to be prepared by the NDA Secretariat.</li> </ul>
<p>3. NDA nomination of NIEs (for entities applying under the direct access track)</p>	<p>Facilitate the nomination of entities applying for accreditation as IEs, and associated communication to the GCF Secretariat.</p> <p>Under enhanced direct access, selection of a prospective accredited entity will be done by the NDA Secretariat through a competitive or consultative process. Submission of an accreditation proposal will be done in consultation with the NDA Secretariat (GCF/B.09/05).</p>	<ul style="list-style-type: none"> <li>- Ensure capacity within the NDA to assess IE accreditation and prepare for nominations for direct access in light of GCF fiduciary principles, environmental and social safeguards, and gender policy; ensure alignment/conformity with ERD review mechanisms, and relevant national laws and regulations.</li> <li>- Initiate consultation for potential enhanced direct access.</li> </ul>	<ul style="list-style-type: none"> <li>- Through stakeholder consultation and international expert assessment, the NDA Secretariat has selected six NIEs from the public sector from a short list of 14 agencies (which in turn were shortlisted from an original 38 agencies).</li> </ul>	<ul style="list-style-type: none"> <li>- To fast-track nomination appraisal, a technical expert could be appointed to evaluate prospective IEs for nomination. This expert will evaluate the application and draft recommendations for the ED to decide on the issuance of a nomination letter to GCF.</li> </ul>	<p>Staff highlighted that meetings, discussions and workshops are a common means to conduct consultation; however, none have experience in facilitating consultations.</p> <p>Staff members rate their knowledge of GCF requirements (including fiduciary standards, and environmental and social safeguards) as medium-to-low, and stated that they need detailed information (e.g. by means of a training seminar).</p>

<p>4. Through no-objection procedure, recommend to the GCF funding proposals from IEs (in line with GCF financial and investment criteria and ESS, gender policy and relevant national laws, consistent with i) national climate change strategies and plans, and ii) gender plans; this could be done via, among others, country coordination and multi-stakeholder engagement)</p>	<p>Bangladesh can decide its own nationally appropriate process for ascertaining no objection to funding proposals, according to the country's existing processes and institutions. Although intermediaries or IEs (NIEs/regional IEs/MIEs) are responsible for coordinating and facilitating stakeholder engagement, the NDA/focal point is deemed responsible for driving and coordinating these processes to ensure country coordination and multi-stakeholder engagement (including facilitation of national stakeholder engagement).</p> <p>The NDA needs to have in place a decision-making process which is effective, fair and impartial, and which operates in a timely manner to allow quick access to funds.</p>	<ul style="list-style-type: none"> <li>- Disseminate the no-objection procedure via communication channels such as the website             <ul style="list-style-type: none"> <li>- Ensure communication with IEs; participate in pre-screening of project concepts and in assessing GCF funding proposals with regard to: technical, financial, strategic and political aspects (to ensure no-objection); this could include:                 <ul style="list-style-type: none"> <li>■ maintaining an overview of all funding proposals;</li> <li>■ ensuring internal capacities to undertake technical, financial, strategic and political risk assessments (e.g. CBA), to conduct reviews of ESS and gender policy;</li> <li>■ ensuring respective safeguards are observed during implementation (Note: the main operational responsibility for implementation of safeguards and policy will reside with the accredited IEs)</li> </ul> </li> </ul> </li> <li>- Review and seek clarification on proposals which are ill-conceived, duplicative or of low priority, and make suggestions to entities which submit proposals which are not aligned with national strategies</li> <li>- Identify sources of external support (via the private sector and other line ministries) for proposal assessments; set up a mechanism for calling upon ministerial or external/contractors to offer needed technical, financial or political expertise.</li> </ul>	<ul style="list-style-type: none"> <li>- NDA staff have a good understanding of the current GoB ADP system of project appraisal, approval, implementation and monitoring, as well as their own shortcomings. The NDA Secretariat has shown its awareness of GCF requirements and is keen that these be well-aligned with the GoB PIM system. It has proved itself capable of successful assessment of development proposals, by issuing no-objection letters to two IEs, having deemed them appropriate to progress to the next stage.</li> </ul>	<ul style="list-style-type: none"> <li>- To align with GoB's ADP system, in-principle approval by the Planning Commission is proposed to fast-track proposal appraisal and approval (see Figure 4). A Financial Officer could be appointed as part of the appraisal team. This team would evaluate proposal and draft recommendations to enable the ED to decide on the issuance of a no-objection letter. To support the NDA Secretariat in project appraisal, an Advisory Committee could be formed with members selected from public, private and CSO partners to serve as a roster of sectoral experts. Meanwhile, current NDA staff have requested further capacity development support with regard to appraising proposals from public, private and CSO partners. Key areas of support needed (see Table 5) are: i) application of financial Instruments (grants, concessional loans, equity and guarantees), ii) understanding the GCF investment framework, iii) understanding the distinction between economic and financial IRR, iv) developing scalable and replicable business models, and v) understanding fiduciary standards and ESS (economic and social impact assessment) and gender issues.</li> </ul>	<ul style="list-style-type: none"> <li>- Over the medium term, the appraisal team could be extended to include in-house financial, project management, policy and MRV officers, to enable all proposals to be evaluated in-house without reliance on external experts.</li> </ul>
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### 5.2 Aligning GCF requirements with government systems

To achieve alignment between GCF requirements and GoB systems it is helpful to understand current government processes and procedures, and any limitations they may involve.

### 5.3 Government of Bangladesh system of project proposal appraisal, approval and implementation under the ADP

The main challenges faced in the current system have been reviewed by the World Bank and other initiatives (e.g. JICA’s SPIMS review, Annex 1) and are summarised in Figure 3. They include i) the executive agency’s lack of capacity to prepare high quality proposals, ii) the stakeholders’ lack of capacity to appraise the proposal efficiently and technically, iii) the inadequate absorptive capacity at the Planning Commission, and iv) an insufficient appetite for implementation by executive agencies.

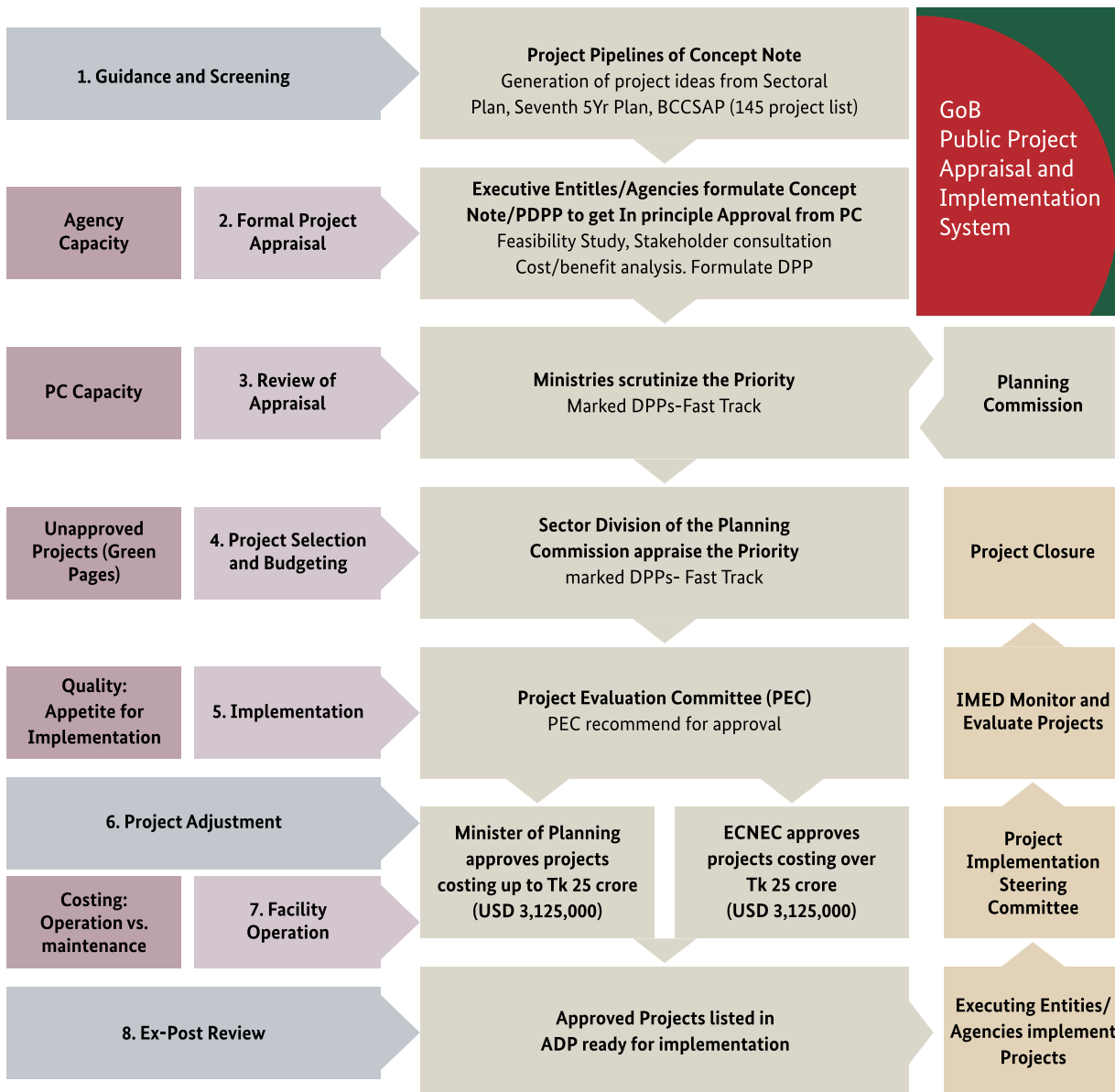


Figure 3: Challenges faced in current GoB’s proposal appraisal, approval and implementation system (see detail reviews in Annex 1)

#### 5.4 Proposed set-up for no-objection procedures for project proposals

Through use of the no-objection procedure, the NDA Secretariat is mandated to recommend funding proposals from IEs to the GCF. Through a rigorous country coordination and multi-stakeholder engagement process, these proposals need to be aligned with GCF process (financial and investment criteria, and ESS including gender policy) and at the same time be consistent with national processes (relevant national laws, national climate change strategies and plans, and gender plans).

After rigorous consultation with the ERD, the Planning Commission and key ministries, this assessment proposes the following no-objection procedure set-up, designed to align GCF requirements with the GoB's project proposal appraisal, approval and implementation system (Figure 4). Under this option, executive entities or agencies will act as the interface between the two systems, creating an entry and exit point to the GCF system. The steps to fast-track any proposal appraisal through the awarding of in-principle approval are explained in Table 3, which also presents the capacity development required for each step. Table 4 summarises the SWOT analyses for the set-up.

**GoB Public Project Appraisal and Implementation System**

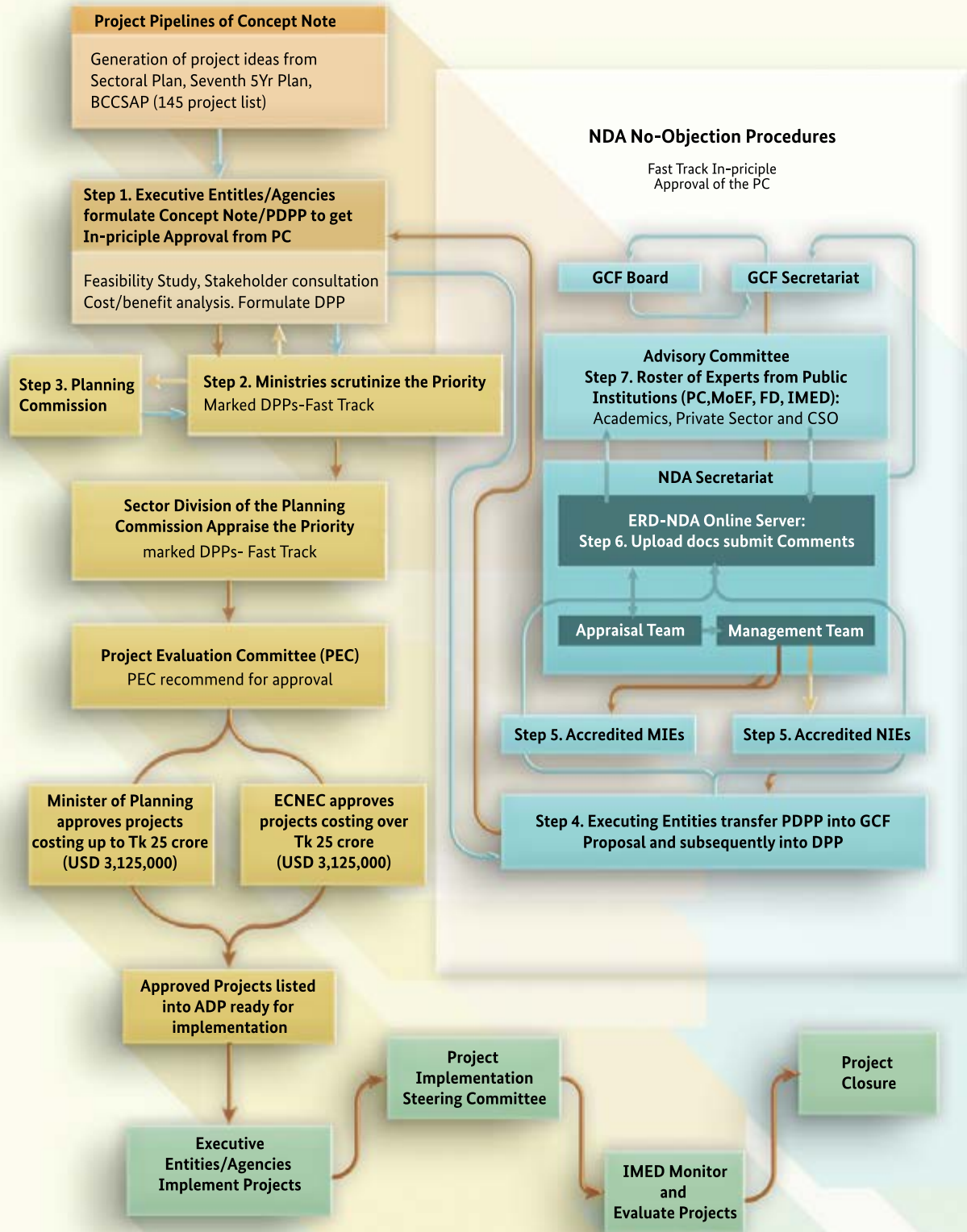
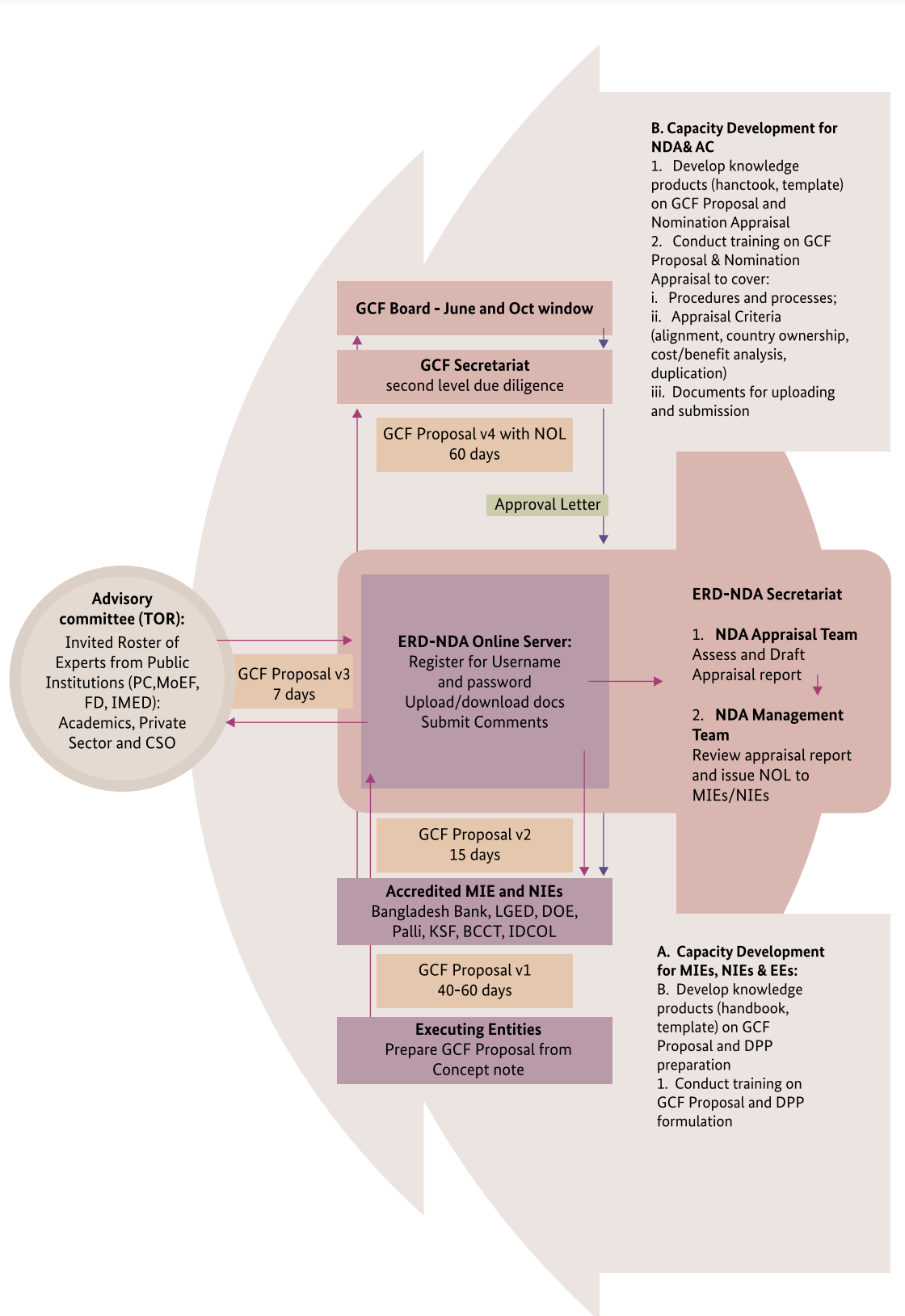


Figure 4: Fast-track via in-principle approval window aligning GoB and GCF systems



**Figure 5:** No-objection procedures and capacity development plan for members of the NDA Secretariat, Advisory Committee, MIEs, NIEs and EEs

**Table 3: Steps to fast-tracking proposal through In-principle approval procedures**

Activity	Activity description	Timeline	Format/ template to be developed	Rationale	Knowledge products to be developed as guide and for training
<b>Stage one: awareness raising by NDA Secretariat</b>					
Step 1.1 - awareness raising campaign by NDA Secretariat	NDA Secretariat raises awareness among public, private and CSO partners of the opportunity to access GCF resources to implement climate resilient and mitigation solutions; this is done via the NDA Secretariat website, podcasts, social media, calls for proposal and advertisements	To coincide with ADP timeline and targeted campaign	NDA Secretariat awareness raising (brochures and leaflets)	This campaign will help to sensitise potential partners on the GCF opportunities.	Handbook (in English and Bangla); training in how to raise awareness and disseminate information on GCF opportunities
<b>Stage two: PDPP development</b>					
Step 2.1 – PDPP submission by executing entity/agencies	EE develops PDPP (using PDPP template, 3-5 pages, covering project objectives, outcomes, outputs and activities, budget) and submits request for in-principle approval (IPA) to line ministry, with notification sent to NDA Secretariat.	PDPPs to be submitted on rolling basis, or in response to call for proposals	PDPP template		Handbook and training on how to prepare high quality PDPP
Step 2.2 – PDPP review by line ministry, BPC and NDA Secretariat	Line ministry scrutinises PDPP; upon approval sends it to BPC for review.	c. 10 days	Ministry appraisal format	This unified format is used to appraise the PDPP at the Ministry Planning Wing prior to review by the BPC. Conducting such an appraisal will improve the quality of PDPP content, and consequently shorten the period of process for PDPP review at the sector divisions and PEC.	Handbook and training on how to appraise the PDPP
	BPC reviews PDPP; if approved, sends IPA to line ministry.	c. 10 days	BPC review format and IPA letter	This unified format is used to review the ministry appraisal format, along with the PDPP by the PC prior to developing the full GCF proposal and DPP by the EE. Conducting such a review through PCF will avoid duplication with the ministry-level appraisal, and shorten the lead time of the GCF proposal and DPP project	Handbook and training on how to appraise the PDPP



	NDA Secretariat also reviews PDPP to confirm i) its alignment with national priorities, and ii) that it is not duplicative or ill-conceived.		NDA PDPP Review format	- In addition, for any PDPP/concept notes submitted by EEs/agencies (and for whom an accredited entity has yet to be identified), NDA Secretariat will initiate discussions with potential accredited entities which may be interested in supporting the project development and implementation.	Handbook and training on how to appraise the PDPP
	EE is informed of any concerns raised about the PDPP and, if appropriate, given the opportunity to resubmit.				
Stage three: full funding proposal development					
Step 3.1 – Funding proposal development by accredited entity and EE	Based on IPA and feedback received at the PDPP stage, line ministry recommends that the EE convert PDPP into a full GCF proposal using GCF template (40-50 pages, see Annex 9) with support from an identified MIE/NIE and with notification sent to NDA Secretariat. This may include undertaking stakeholder consultation, feasibility studies, and environment and social impact assessment.	To be decided; depends on the project's size and complexity – 40 to 60 days	GCF full proposal template		Handbook and training on how to prepare high quality GCF full proposal for accredited entities and EE
	When proposal is complete, MIE/NIE uploads i) a request for a no-objection letter, and ii) full GCF proposal version 1 (v1) to NDA Secretariat online server, using username and password provided.		Server username and password	Accredited entities apply for username and password at NDA Secretariat Server.	Handbook and training on the use of the NDA server system

Step 3.2 – Funding proposal review by NDA Secretariat and advisory committee	<p>NDA appraisal team i) downloads no-objection letter request and GCF proposal v1, and ii) reviews proposal to confirm it is aligned and consistent with national law, regulations and national development and climate priorities, and is not duplicative or ill-conceived. Other appraisal criteria include:</p> <ul style="list-style-type: none"> <li>■ alignment with GCF, national and departmental priorities;</li> <li>■ technical feasibility and effectiveness of the project;</li> <li>■ financial and business sustainability of the project;</li> <li>■ legal soundness of the project, ensuring that all key legal requirements (e.g. EIA) have been met, and</li> <li>■ stakeholder consultation; environmental, social and gender and inclusive safeguards are complied with</li> </ul>	c. 30 days	NDA GCF appraisal template		Handbook and training on how to appraise the GCF proposal
	NDA appraisal team communicates with NIE/EE for clarification, feedback and comments via the server and prepares the appraisal report. Should there be a need, NDA Secretariat may request an in-person briefing by NIE/EE.		NDA appraisal report template		
	After responding to feedback/comments from NDA Secretariat, NIE resubmits GCF proposal v2 to the server				
	Meanwhile, EE proceeds to convert GCF full proposal into a PDPP		PDPP template	About 50% of the information in the GCF proposal template could be used directly in the PDPP template. This will help to shorten the time needed to prepare the PDPP	Handbook and training on how to prepare high quality PDPP

	<p>Through the online server system, NDA appraisal team invites selected sector members (depending on project size, sector, risk category) from the Advisory Committee (shadow PEC members) to comment on the GCF proposal v2 within seven days with respect to the project's:</p> <ul style="list-style-type: none"> <li>• technical feasibility</li> <li>• financial feasibility</li> <li>• alignment with the GCF and national and stakeholder priorities</li> </ul>		AC appraisal template	Invited AC members will be able to download the GCF proposal along with the NDA appraisal report so that AC members can view the NDA Secretariat comments	
	For any GCF proposal involving concessional loans, after conducting its own review the NDA Secretariat sends the proposal to the concerned line ministry for their decision				
	If any concern is raised about the project, the proponent will be informed and, if appropriate, given the opportunity to resubmit the funding proposal.				
Stage four: no-objection letter					
Step 4.1 – NDA Secretariat issues no-objection letter to accredited entity	If no comments have been received on the server from AC members after seven days, the NDA appraisal team i) finalises the appraisal report and makes recommendation for NDA Secretariat to issue no-objection letter to MIE/NIE, and ii) notifies line ministry/BPC.	c. 5 days	No-objection letter template		
Stage five: GCF secretariat appraisal and approval					
Step 5.1 – AE submits GCF proposal with NOL to GCF Secretariat	<ul style="list-style-type: none"> <li>- AE submits GCF full proposal + supporting documents to GCF Secretariat</li> <li>- GCF Secretariat reviews proposal and sends it to international technical advisory panel for second level due diligence review.</li> <li>- GCF Secretariat finalises appraisal and sends recommendations to GCF Board</li> </ul>	c. 30-40 days	GCF full proposal with supporting documents		

Step 5.2 – GCF board makes decision	<ul style="list-style-type: none"> <li>- GCF Board reviews recommendations submitted by GCF Secretariat for each proposal at the June and October board meetings</li> <li>- GCF Board makes final decision to approve the proposal or not, based on GCF Secretariat recommendations</li> <li>- If approved, GCF Secretariat issues notification of approval to NIE and NDA Secretariat</li> <li>- NDA Secretariat signs legal agreement with GCF Secretariat</li> </ul>	c. 30 days	GCF approval letter and signing of legal agreement		
Stage six: fast-track DPP appraisal and approval					
Step 6.1 – Fast-track DPP appraisal and approval	<ul style="list-style-type: none"> <li>- As there is a legal guarantee of funding commitment from GCF, the EE finalises DPP for fast-track appraisal and approval by line ministry, relevant BPC sector division, and the project evaluation committee (PEC) (see Figure 4)</li> <li>- Once the PEC has recommended DPP approval, either Ministry of Planning (for amounts less than USD3,125,000) or ECNEC (over USD3,125,000) sign final approval of the DPP</li> </ul>	c. 15 days	Fast-track appraisal and approval of the DPP by the line ministry, sector division and PEC		Handbook and training for line ministry, BPC sector division, and PEC members on how to fast-track DPP appraisal and approval
Stage Seven: project implementation, monitoring and evaluation					
Step 7.1 – EE implements project	<p>EE implements the project according to the DPP</p> <p>Project steering committee ensures the project is implemented according to the DPP plan and budget</p>	Project duration as laid down in the DPP	EE submit annual progress report		
Step 7.2 – IMED monitor and evaluate the project	<ul style="list-style-type: none"> <li>- EE submits annual progress report to project steering committee, IMED and NDA Secretariat</li> <li>- IMED monitors and evaluates the project according to DPP plan and submits mid-term report to PSC and NDA Secretariat (for example, a GCF-approved KfW project would be implemented by LGED and monitored by IMED). NDA Secretariat is involved in monitoring/overseeing of project implementation</li> <li>- NDA Secretariat submits annual report to GCF Secretariat</li> </ul>	Based on IMED template	IMED monitoring and evaluation plan		

Stage Eight: project closure					
Step 8.1 – EE closes the project	<ul style="list-style-type: none"> <li>- IMED prepares and submits terminal report to PSC, line ministry, NDA Secretariat</li> <li>- NDA Secretariat submits terminal report to GCF Secretariat</li> <li>- EE closes the project</li> </ul>	DPP project duration	Terminal report		

**i. Proposed appraisal criteria for proposal (see annexes 8 and 9 for further criteria and full GCF proposal template).**

- Is the proposal in compliance with Bangladeshi environmental laws, standards and regulations?
- Is the proposal in coherence and alignment with i) national priorities for development, and ii) climate change mitigation and adaptation?
  - a. Is the proposal coherent and aligned with the BCCSAP?
  - b. Does the proposal address a demonstrated priority need or has it been identified by the government as a priority investment?
  - c. Do the proposal objectives support the realisation of the objectives of the Seventh Five Year Plan and NSDS?
  - d. Does the proposal duplicate an activity already funded or are there alternative sources of funding readily available?
  - e. Do the potential benefits of the project for society at large outweigh any potential negative impacts?
- Has an adequate stakeholder engagement process been undertaken?
  - a. Was the stakeholder engagement process inclusive and representative of the diversity of opinions?
  - b. Was the feedback received adequately addressed?

**ii. Documents to be submitted**

- Each MIE/NIE submits a letter of request, full proposal and supporting documents, via the NDA Secretariat server.

**iii. Setting up the ERD-NDA Secretariat website and server system**

- Representatives from the public and private sectors, and CSO partners are invited to join the NDA Secretariat server system (which preferably should be embedded within the ERD website).
- Interested parties register online. NDA appraisal team reviews each application; upon approval by NDA management team, representatives of the applicant are issued with username and password.
- Registered users use the server to communicate with NDA Secretariat, to submit requests for no objection and NIE nomination letters, and for support.
- Upon request, selected members of the Advisory Committee can also submit comments on the server, as detailed below.

**iv. Setting up the Advisory Committee and respective ToRs**

- Representatives from the public sector (e.g. shadow PEC from PC, Finance Division, MoEF, IMED, auditor), private sector (banks, investors, entrepreneurs) and CSO partners are invited to serve as sector experts on the Advisory Committee for a fixed term of two years.

- Upon approval by NDA Secretariat management, members are issued with a username and password to enable them to access the server facility.
- Rather than having to be present in meetings, experts are invited to provide their comments (on GCF proposals and IE nominations) online.
- The ToR for AC members is:
  - a. The Advisory Committee will meet at least once a year to review progress and areas for improvement.
  - b. Members must submit comments within the time stipulated.
  - c. Members may be paid a sitting allowance of BDT3,000 per proposal; other similar incentives may be provided.
  - d. Names of members will appear on the NDA website.
  - e. Members will serve for a fixed term of two years; this can be renewed upon request in writing to the NDA Secretariat.
  - f. Members can resign by giving two months notice to the NDA Secretariat.
  - g. The NDA may call for a meeting in-person for the Advisory Committee to discuss specific proposals as required.
  - h. If an expert from the Advisory Committee has a prior engagement during the proposal review period, other available experts from the database may be contacted.

**Table 4: SWOT analysis of proposed set-up of no-objection procedure**

Fast-track through in-principle approval	
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>■ Offers timely opportunity to fast-track GCF and DPP proposal preparation and development through in-principle approval of the PDPP, while complying with GoB's ADP system of proposal appraisal, approval and implementation</li> <li>■ Complies with existing system, thus no need for legislative approval which requires time to obtain</li> <li>■ Secures early line ministry and Planning Commission approval, and NDA Secretariat notification, prior to developing the full GCF proposal and PDPP</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>■ Appraisal and approval of GCF proposal places increased burden on NDA Secretariat</li> <li>■ Creates a need to appoint Advisory Committee and a reliance on chosen members to offer their timely expert services</li> <li>■ Line ministry and Planning Commission may still delay the IPA process</li> <li>■ Current bottlenecks in GoB project appraisal and approval chain (as identified by WB reports) need to be improved to avoid potential delays</li> <li>■ Presents partners (EEs, NIEs, line ministries, PC) with the risk of developing full GCF proposal and DPP with no assurance of funding</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ GCF requirements could be embedded in on-going initiatives to improve current GoB system (e.g. strengthening the PIM system)</li> <li>■ Planning Wing embedded at line ministry-level could be fully capacitated in GCF requirements for proposal development</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>■ Private sector experts may not be incentivised to offer their services as members of the Advisory Committee (public experts are mandated to join; CSO experts are more willing to join)</li> <li>■ Line ministry, Planning Commission and PEC could further delay the process even after assurance of GCF funding is obtained</li> </ul>

## 5.5 Country strategic framework and coordination mechanism

The Fund will have a broad scope, funding both mitigation and adaptation activities through multiple access modalities, including through the private sector and other innovative financial instruments. Consequently, at an operational level it will involve various sectors at multiple levels of governance. The government of Bangladesh will use the following criteria for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals, as appropriate.

## I. Country strategic framework

The BCCSAP and the Seventh 5 Year Plan (2016 to 2021) will provide the strategic framework for Bangladesh's country programme, and thus the basis for the preparation and implementation of funding proposals. Other key strategies will include the NSDS, Nationally Appropriate Mitigation Actions (NAMAs) for Innovative Energy Optimisation in the Steel Sector, National Adaptation Programmes of Action (NAPAs), National Adaptation Plans (NAPs) (currently being developed) and the REDD+ programme.

In order to ensure the systematisation of country coordination and multi-stakeholder engagement, the Bangladesh government plans to design an inclusive consultative process, through which national development and climate change priorities and strategies can be both defined and aligned. This will be an ongoing process, rather than a discrete activity only occurring once without the possibility of follow up, continuous update, or regular assessment of progress. This consultative process will be inclusive and seek to engage representatives of all relevant actors within government, the private sector, academia, civil society and other relevant stakeholder groups or sectors.

The criteria and options for Bangladeshi country coordination through this consultative process could include:

- a) the use of existing regular country meetings or national planning/dialogue exercises (e.g. Annual Development Plan Formulation and Timeline, see Figure 6 below), in the context of, among others, other sources of funding for climate change activities, the sharing of lessons learned, and the collection of inputs and views;
- b) the establishment, when possible and where national circumstances allow, of a dedicated country coordination mechanism to facilitate the country's identification of its strategic framework in the context of the Fund;
- c) integration into other relevant national consultation processes or programming exercises which may enable synergies and the exchange of complementary information, and
- d) building on the country's prior experience of coordinating cross-sectoral initiatives and investments, and engaging with other sources of finance.

## II. Development of funding proposals

Bangladesh's country coordination and multi-stakeholder engagement is critical for the effective preparation of funding proposals, as is ongoing monitoring and evaluation after their approval. This process needs to be well-aligned with the relevant provisions of the Fund's environmental and social safeguards which require, among others, that all projects/programmes are designed and implemented to be consistent with the Fund's requirements for stakeholder engagement and disclosure.

The Fund's environmental and social safeguards also require that funding proposals for projects/programmes have an environmental and social management system (ESMS) which establishes a process of stakeholder engagement and disclosure. Guidance in the application and use of these safeguards (which includes the matters mentioned above) will be made available in the context of the guiding framework for the Fund's accreditation process.

Country coordination mechanisms are also important in supporting the ongoing monitoring and evaluation of the Fund's projects/programmes, and its ADP and IMED systems, thus allowing for a process for evaluation at various stages of the project cycle.

Through collaboration with MIEs (ADB, KfW, UNDP, World Bank, AFD, UNEP) and NIEs, Bangladeshi country coordination and multi-stakeholder engagement processes can facilitate forums, meetings and workshops, to review progress against results frameworks, discuss best practice and challenges, identify opportunities for enhancing coherence, and integrate lessons learned into relevant plans and priorities.

## III. Mainstreaming GCF resources into the ADP formulation and timeline

As the set-up to fast-track GCF appraisal within the ADP is adopted, proven and improved, a significant opportunity emerges to mainstream GCF resources into the ADP formulation and timeline. The overview

presented in Figure 8 indicates within which timeline the key stakeholders need to initiate processes in order that GCF funding can be reflected within the ADP. The NDA Secretariat will work closely with the Planning Commission to provide projections of GCF funding in project pipelines within the ADP. It is advisable that all planning cell staff embedded within the line ministries are sensitised to GCF procedures and opportunities.

Aligning GCF Pipeline Development with Annual Development Programme Formulation and Timeline - Bangladesh

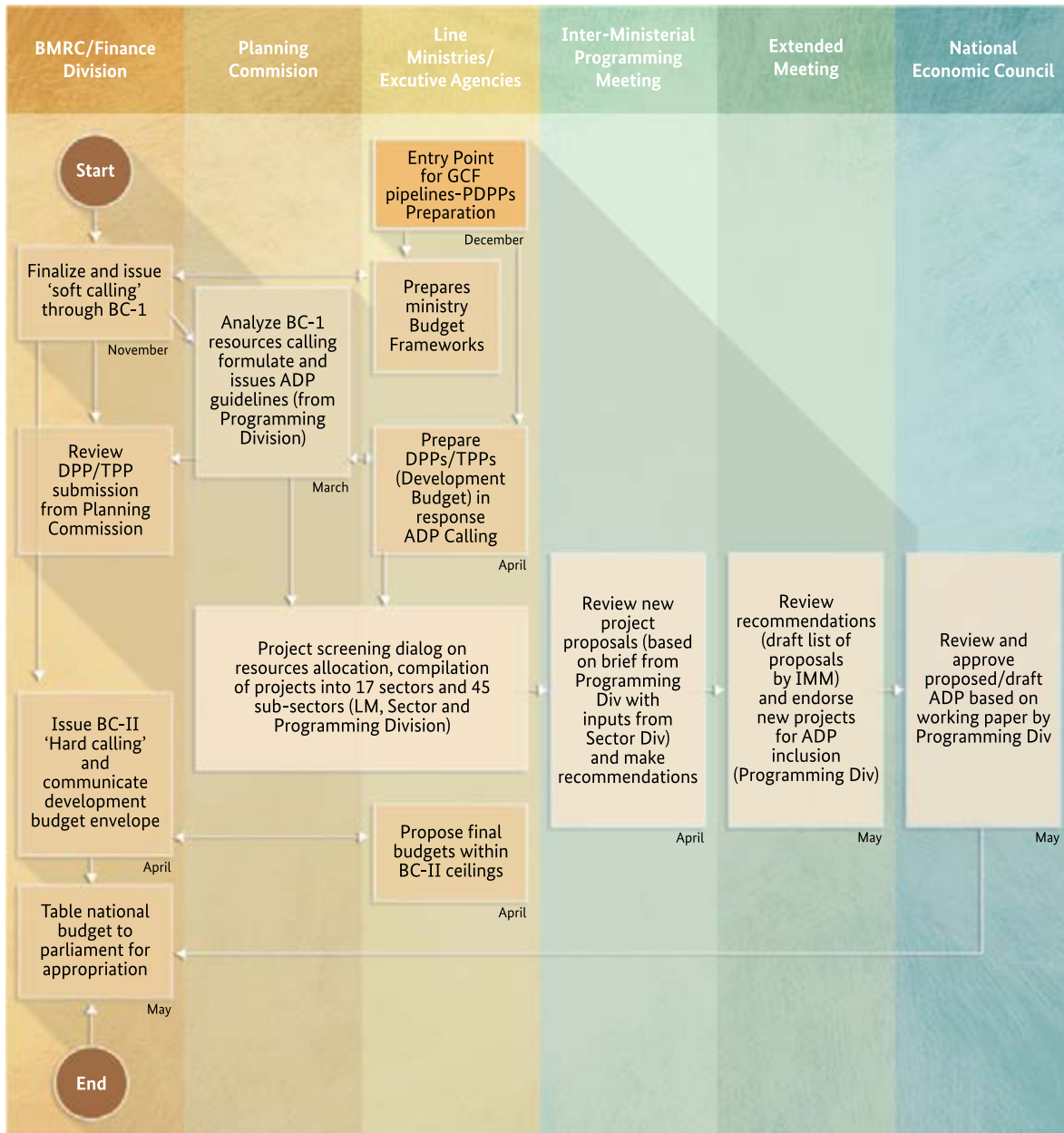
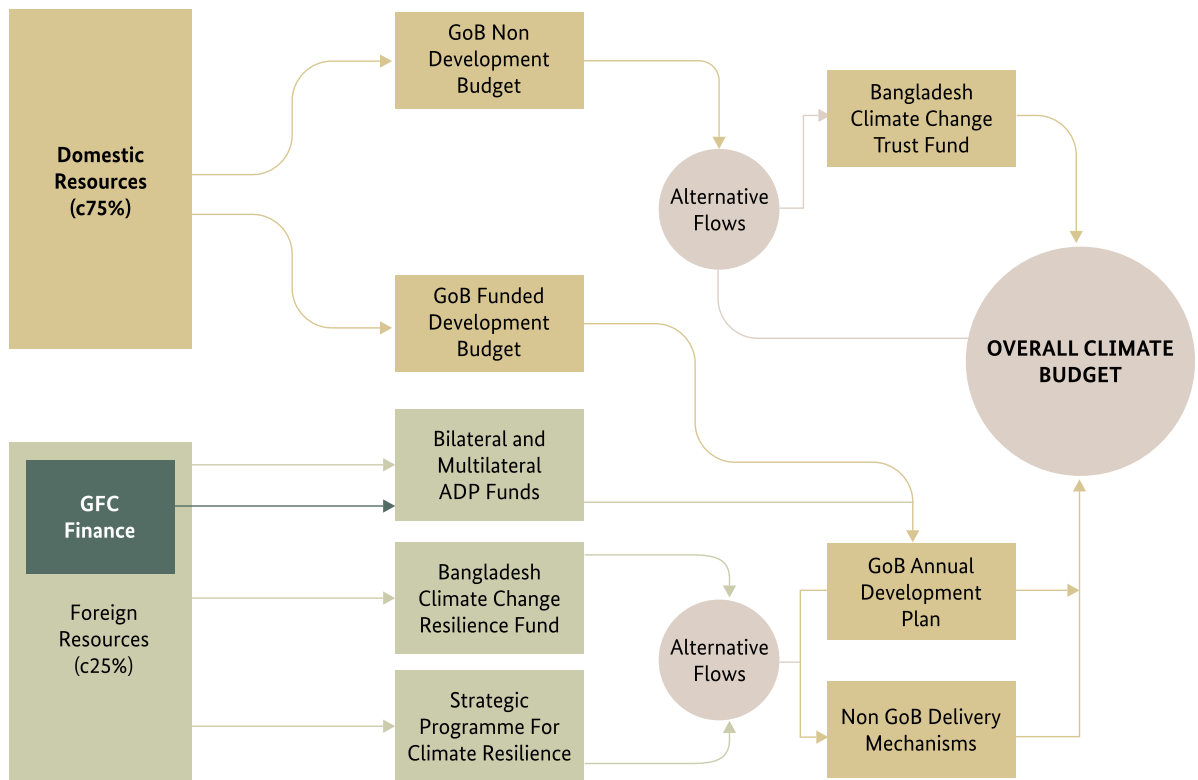


Figure 6: Aligning GCF pipeline development with ADP formulation and timeline

With the lessons learned from funding schemes not reflected in the ADP (e.g. BCCTF, BCCRF and SPCR) and to ensure high fiduciary standards, it is critical that GCF resources are captured within the bilateral and multilateral ADP funding stream. This will allow all climate funding to be tagged within the fiscal management system.





**Figure 7:** Blending, sequencing and capturing of GCF resources within bilateral and multilateral ADP funds (Adapted from CPEIR, 2012)

## 5.6 Procedures for nomination of prospective IEs to gain direct access to GCF

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

#### Step 1. Prospective IE requests a nomination letter

- a. Prospective IE uploads request with supporting documents to NDA Secretariat server.

#### Step 2. Nomination appraisal

- a. NDA appraisal team downloads the request and acknowledges receipt of application; the team reviews application and draft appraisal report.

#### Step 3. Appraisal request for AC support

- a. NDA appraisal team requests AC members to comment on the application; this should be done within seven days.
- b. AC members submit comments to the server.

#### Step 4. NDA manages the prospective IE request for nomination letter

- a. NDA appraisal team finalises the appraisal report and either rejects the application or recommends appointment of IE to NDA Executive Director.
- b. If ED accepts the recommendation, NDA issues nomination letter to IE.

#### Step 5. IE submits nomination letter to GCF for accreditation

- a. Prospective IE submits a nomination letter to GCF.

- b. GCF issues username and password to IE to enable it to upload supporting documents to the GCF online database system.

#### **Step 6. GCF reviews accreditation application**

- a. GCF reviews the application and recommends either its acceptance or rejection to GCF Board.

#### **Step 7. GCF Secretariat notifies IE of outcome**

- b. After the GCF Board decision, GCF Secretariat notifies prospective IE and NDA of outcome.

### **ii. IE nomination and accreditation assessment criteria**

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

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

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

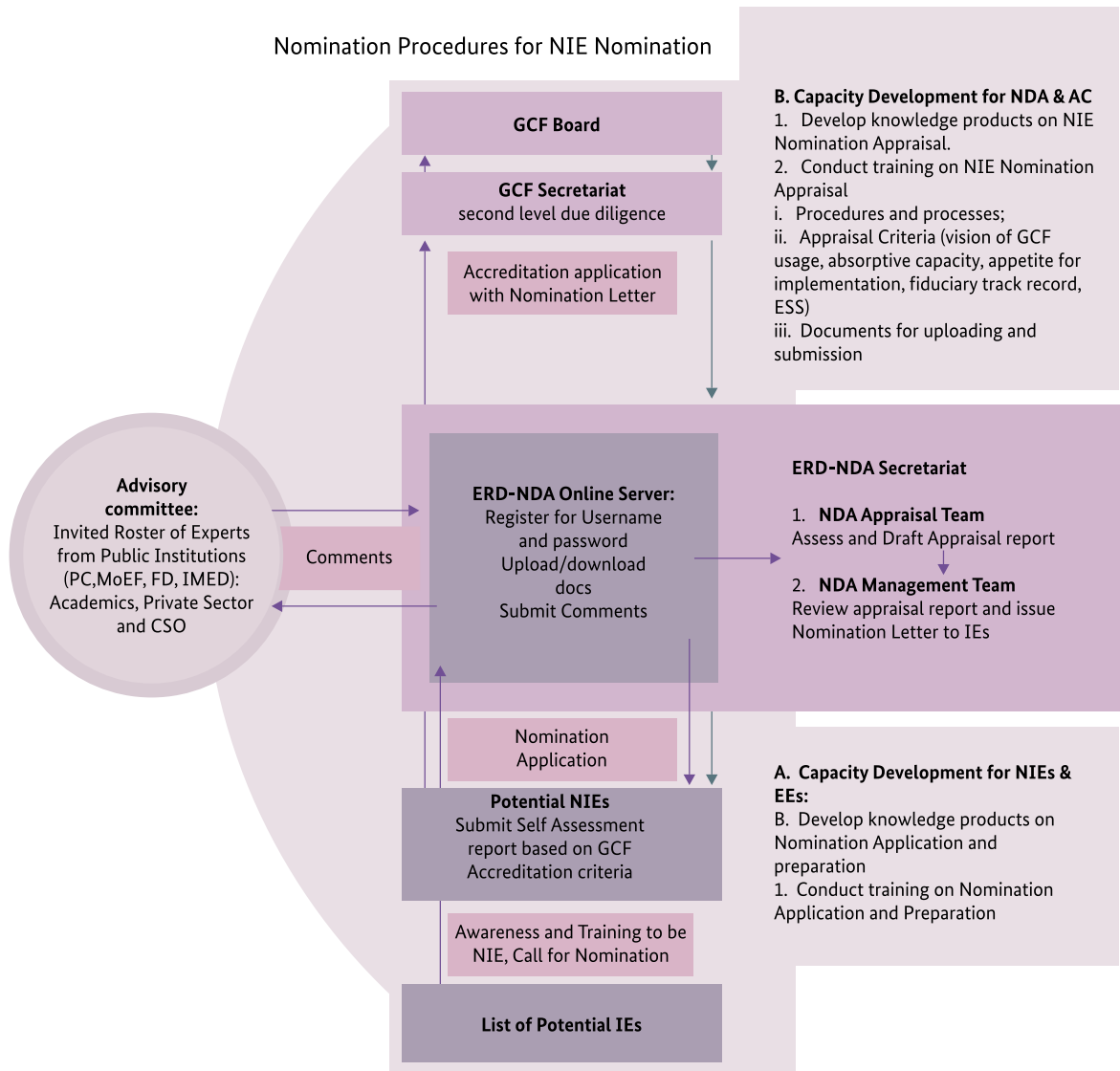
- Does the applicant have a track record of zero tolerance for fraud, which is demonstrated by its top management?
- Can the applicant demonstrate a working environment free from direct and indirect fraud and corruption, both on the part of its own staff and on the part of third parties?
- Does the entity have the ability to resolve any allegations of fraud or misconduct in a transparent and complete manner, involving the required authorities as appropriate?
- Are there no obvious reasons to deny nomination because of reputational issues?
- Is there an obvious lack of alignment between the applicant's mission and the GCF objectives?
- Does the applicant have demonstrable experience of oversight and accountability during a project cycle?
- Does the applicant have a track record of assessing and handling potential conflicts of interest?

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

- request for nomination for GCF accreditation letter;
- 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;
- document demonstrating understanding of i) the accreditation standards and requirements, and ii) the application process, and
- document confirming legal status of applicant.

### **iv. Entities eligible for fast-track GCF accreditation**

- Entities already accredited under the Global Environment Facility and Adaptation Fund such as NIEs, regional IEs and MIEs (to date none has been successful in Bangladesh); and entities accredited to the Directorate-General for Development and Cooperation, EuropeAid of the European Commission (EU DEVCO).



**Figure 8:** Prospective IEs nomination and accreditation procedures

**v. Developing Bangladeshi conformity with the Fund’s fiduciary standards**

Assessment of the conformity of each chosen entity with the Fund’s fiduciary standards will be considered according to the nature of the fiduciary risk, the scale of intended activities, and type of entity (as shown in Figure 9). The fit-for-purpose accreditation approach for Bangladeshi IEs is described in greater detail in Annex 11.

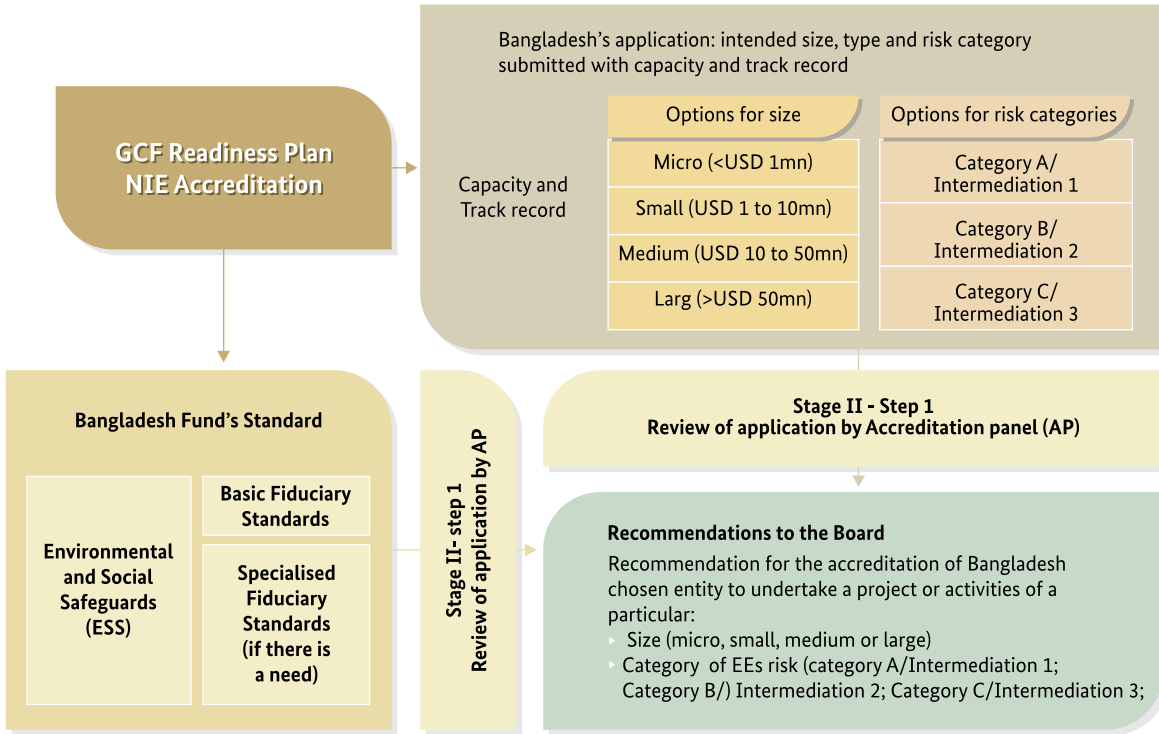


Figure 9: Fit-for-purpose accreditation approach for Bangladesh

### 5.7 Proposed no-objection procedures for project proposals from the private sector

The proposed procedures to be followed on submission of a project proposal by a private sector entity are visualised in the following flowchart:

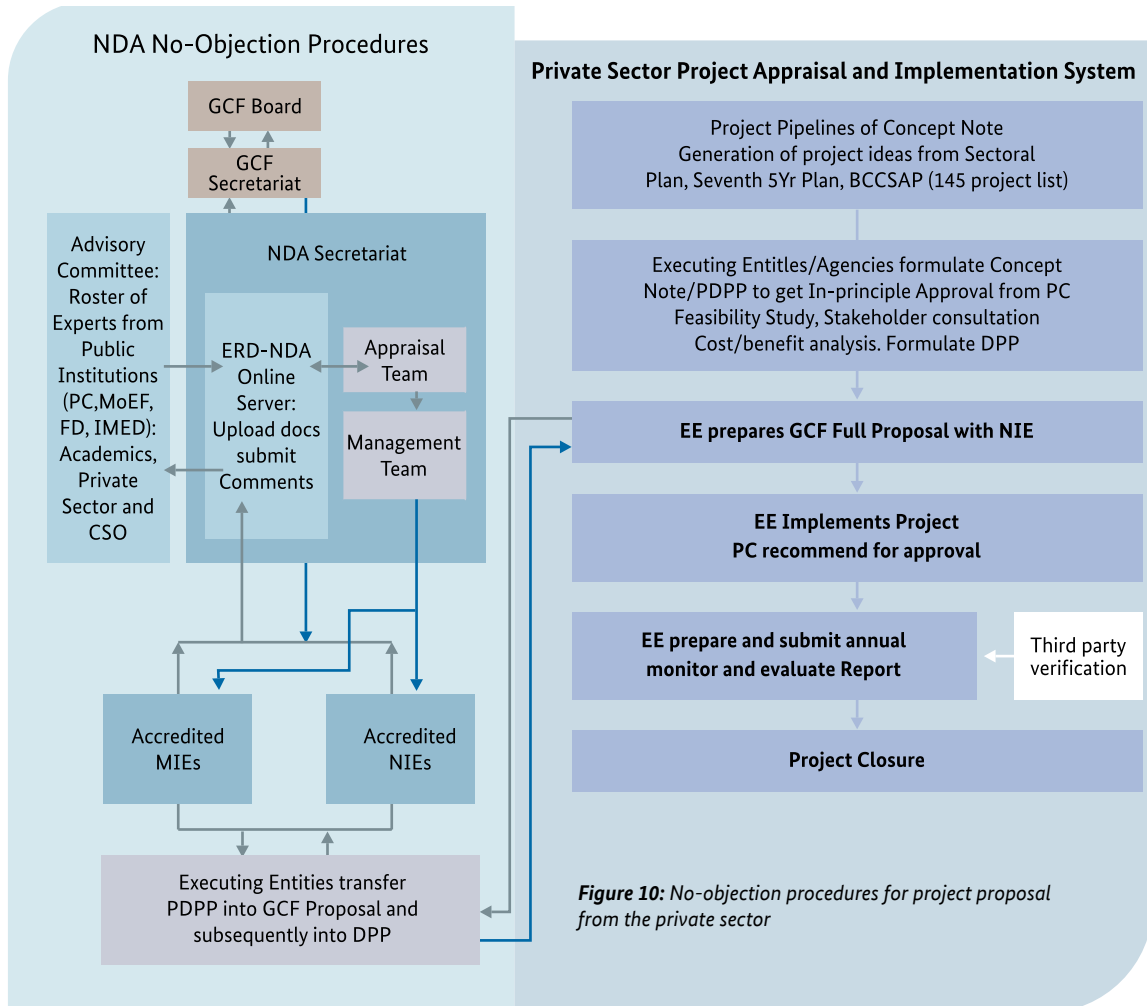


Figure 10: No-objection procedures for project proposal from the private sector

## 6 Capacity Development Plan

As part of this assessment, NDA Secretariat staff were asked to complete a questionnaire designed to assess their knowledge of the roles and function of the NDA Secretariat. Face-to-face interviews were then conducted to discuss the results in greater detail. Specifically, staff were asked to rate their level of knowledge in terms of the following topics:

**Table 5: Indicative rating of knowledge level of NDA Secretariat staff**

	Current capacity/gaps	Recommendations	Support needed for NDA staff/partners
<b>i. How would you rate your knowledge of national Bangladesh climate policies, strategies, and/or plans?</b>	NDA staff need to improve the degree to which they are conversant with the country's climate agenda and how climate solutions can be mainstreamed in the national development plan.	Work closely with MoEF in its formulation of a climate agenda.	Knowledge products for use in training in how to mainstream climate solutions in the national development plan.
<b>ii. How would you rate your knowledge level of different sources of international climate finance?</b>	Having liaised and negotiated with bilateral and multilateral donors on foreign aid for GoB, NDA staff has excellent understanding of the international finance landscape, architecture and mobilisation.	Keep abreast of latest developments in GCF and other funds (e.g. Global Fund).	Training in a) international climate finance landscape and architecture, and b) how to blend and sequence international climate finance with national funds.
<b>iii. How would you rate your knowledge level of different sources of national climate finance?</b>	Excellent understanding of national climate finance (e.g. BCCTF, BCCRF, SPCR)	Continue to work with BCCTF, BCCRF and SPCR to capture lessons learned/pitfalls to avoid (in the context of GCF).	Develop knowledge products (e.g. case studies) on key lessons learned about a) management and mobilisation of national climate funds for climate actions, and b) how to apply these lessons to mobilise GCF funding.
<b>iv. How would you rate your knowledge level of different financial instruments for investing in climate projects?</b>	Better understanding needed of a) financial instruments (grants, concessional loans, equity and guarantees), and b) financial incentives (matching rebates, start-up capital, sweat equity, partial loan guarantees).	Gather lessons learned about viable business models (e.g. those learned from BRAC on its business success factors).	Develop knowledge products for training in the use of financial instruments to scale up and replicate proven viable climate mitigation and adaptation solutions (e.g. matched funding, rebates, start-up loans, credit lines, partial loan guarantees) as inclusive business models. Other topics to be covered are economic (public goods) vs. financial (private goods) internal rates of return, project vs. programme approach, prioritisation tools to develop proposal pipelines, how to use grant money as working capital and revolving funding for financial sustainability, risk analysis and management, and risk return profiling.

<p><b>v. How would you rate your knowledge level of the GCF fiduciary standards?</b></p>	<p>Having worked on ADB, WB KfW and GEF projects, staff are familiar with GCF fiduciary standards at the project level; need better understanding of them at the institutional level.</p>	<p>Keep up-to-date with GCF fiduciary standards via the GCF website.</p>	<p>Develop knowledge products for training on GCF fiduciary standards (see Annex 6)</p> <p><i>In the absence of three years of audited financial statements, what is the solution to fulfil this requirement?</i></p> <p><i>What role could the Comptroller and Auditor General's office play?</i></p>
<p><b>vi. How would you rate your knowledge level of the GCF environmental and social safeguards (ESS) and gender requirements?</b></p>	<p>Having worked on ADB, WB KfW and GEF projects, staff are familiar with ESS at the project level. Need better understanding of GCF safeguards and their development at the institutional level.</p>	<p>Keep up-to-date with GCF's ESS and gender policy via the GCF website</p>	<p>Develop knowledge products for training in GCF's ESS and gender policy (see Annex 7)</p> <p><i>How to ensure that the proposals are inclusive so that the youth, women, marginalised and disadvantaged can benefit from GCF resources?</i></p>
<p><b>vi. How would you rate your knowledge level of the GCF investment framework?</b></p>	<p>Staff lack full capacity in understanding the GCF investment framework and whether the proposal submitted can meet GCF investment criteria</p>	<p>Keep up-to-date with GCF investment framework</p>	<p>Develop knowledge products for training in understanding the GCF investment framework and criteria (see Annex 8).</p>
<p><b>viii. How would you rate your knowledge level of the roles and responsibilities of the NDA (including proposal appraisal/IE nomination)?</b></p>	<p>By establishing NDA Secretariat, selecting six NIEs and submitting two adaptation proposals to GCF Secretariat, staff have demonstrated a very good understanding of the roles and functions of the NDA Secretariat.</p>	<p>Continue to keep abreast of latest GCF developments, and ever-changing rules and regulations; seek technical assistance and support from GCF and donors.</p>	<p>Develop knowledge products (e.g. handbooks, manual, guidelines, template) for a) awareness raising and training of NIEs/EEs on preparation of high quality proposals, and b) training of NDA staff/ AC members on proposal appraisal/IE nomination for accreditation.</p> <p>Conduct training in operation, management and improvement of the IT server systems.</p>

# 7 Organisational Structure

To perform the roles and responsibilities of an NDA Secretariat efficiently and effectively, as outlined by the GCF, requires a set of skills and expertise which need to be institutionalised under the NDA Secretariat. Based on this study’s questionnaire survey, stakeholder feedback and discussions with NDA Secretariat staff, we propose the following short- and medium-term organisational structures (including oversight and governance structures).

**Current structure of the NDA Secretariat:** The Secretariat is made up of a Senior Secretary (as NDA) supported by two Additional Secretaries and a fully dedicated Deputy Secretary. As discussed above, despite being such a small team, substantive milestones have been achieved over the nine months from November 2014 to August 2015.

**Short-term structure (2015 to 2016/17):** The NDA intends to maintain a lean Secretariat organisational structure, supported with an efficient web-based server and virtual office, backed by a pool of selected public, private and CSO sector experts as members of the Advisory Committee. As workloads are anticipated to increase over the next 12 months with increased proposals and nomination requests, queries and administrative work, this study proposes the appointment of an Executive Director and Project Officer with expertise in public and private finance (see Annex 2 for proposed ToRs).

**Medium-term structure (2016/17 to 2020):** If the NDA intends to rely more on in-house expertise (so that swifter and better-informed decisions can be made, avoiding potential delays resulting from reliance on external experts), there may be a need to appoint more officers (e.g. Deputy Executive Director, Financial Officer, Project Management Expert, Policy Officer, M&E Officer) to form a fully-fledged team (see Annex 2 for proposed ToRs). Such a complete team would ensure that GCF projects/programmes are implemented, monitored and evaluated according to GoB’s ADP system and GCF requirements, and that the website and server is updated regularly. These medium-term appointments would enable the NDA Secretariat to support the transition from initial reliance on MIEs to the development of fully competent NIEs, in the designing of high quality and competitive proposals, their implementation and monitoring, and project closure.

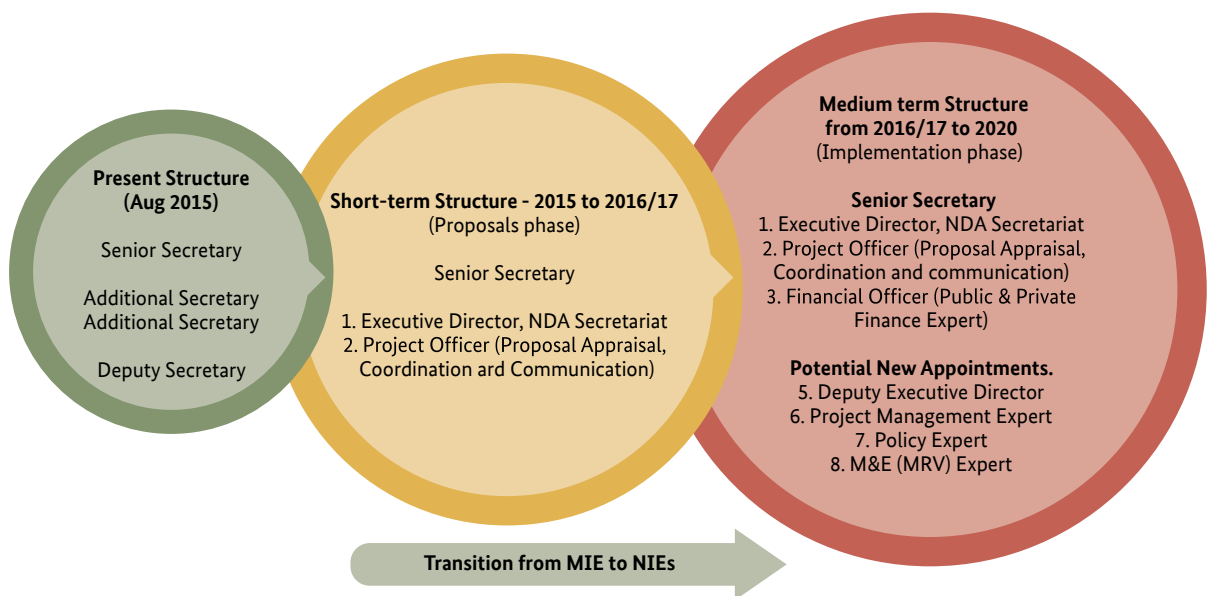


Figure 11: NDA Secretariat organisational structure

## 8 Conclusions

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### i. Institutional capacity

- The fact that the NDA and NDA Secretariat have issued two no-objection letters and nominated six NIEs for accreditation over a nine-month period demonstrates the NDA's good understanding of its roles and responsibilities.
- Feedback from and interaction between the NDA Secretariat and partners from the public sector and MIEs have been positive. However, outreach to private sector and CSO partners needs to be strengthened and fostered.
- There is a need to map out which private sectors are key, and the proven climate solutions which could be scaled up further using GCF resources.

### Challenges faced by the NDA Secretariat

- How can the NDA Secretariat be institutionalised to overcome the perennial problems of high staff turnover and transfer, and to prevent institutional memory loss? Retention of experienced staff is an inherent problem, especially the positions which require specialised knowledge; these are supposed to be filled in by cadre service officers but often remain vacant. In exceptional cases, departments such as the Finance Division retain staff who has gained experience over the years in preparing the national budget (which is highly technical work). The NDA Secretariat could request the cadre controlling ministries not to transfer experienced staff without either adequate backup or a system of permanent recruitment for technical positions (e.g. financial analysts, environmentalists) being in place.
- What new permanent, dedicated staff could be appointed to provide continuity and to retain high institutional memory loss and sustain lessons learned?
- How can sector experts from the private and CSO partners be encouraged and incentivised to join the Advisory Committee?
- How should the in-principle approval for PDPP be implemented?

### ii. Capacity needs

- A timely means is needed to fast-track PDPP appraisal and GCF proposal development, and to align with GoB's ADP system. This could be provided by in-principle approval.
- The nomination of prospective IEs and appraisal of proposals could be facilitated by external expertise provided by the Advisory Committee.
- A programmatic approach is needed; this could be used to embed long-term capacity development.
- The capacity of the NDA Secretariat needs to be strengthened in policy and regulatory areas, and those of financial and business, project management, social and gender capacity, and stakeholder engagement.



## 9 Recommendations

Based on these conclusions, we propose the following recommendations:

### i. An institution which is functional and well-aligned with GoB's ADP system

- In partnership with the Programming Division of the Planning Commission, the 'in-principle approval' procedure should be tested, adopted and refined to fast-track the appraisal of the PDPP in alignment with the GoB's ADP system.
- The approved PDPP should be converted into a proposal to be submitted for GCF approval and subsequently converted to a DPP for ministerial approval.

### ii. Capacity development plan: NDA Secretariat staff who are competent and professional

- To sustain the momentum and milestones achieved and to support NIEs to develop high quality and competitive proposals which are transformative, paradigm shifting, bankable and scalable beyond a one-off project, the capacity of NDA Secretariat staff needs to be strengthened further, in the areas outlined in Table 6:

**Table 6: Capacity development plan**

Area of capacity	Capacity to be developed	Knowledge products
Policy and regulatory capacity	<ul style="list-style-type: none"> <li>■ Ability to identify whether proposals are well-aligned with national development aspirations and sectoral plans</li> <li>■ Ability to obtain a good overview of national and international climate activities so that duplicative, ill-conceived and inconsistent proposals are spotted and rejected</li> <li>■ Ability to ensure that proposals comply with national laws, regulations and standards</li> <li>■ A good understanding of policy de-risking instruments (e.g. minimum energy performance standard and label; fiscal incentives)</li> </ul>	Handbook and guidelines
Technical capacity	<ul style="list-style-type: none"> <li>■ A good understanding of the theory of change approach (outcomes, outputs and activities)</li> <li>■ Equipped with decision-making tools to facilitate prioritisation of bankable, scalable proposals</li> <li>■ Ability to devise a monitoring and evaluation plan which has robust SMART indicators (specific, measureable, achievable, reportable and time-bound)</li> </ul>	Decision-making tools to prioritise proposals
Financial capacity	<ul style="list-style-type: none"> <li>■ An in-depth understanding of the GCF investment framework and six criteria</li> <li>■ An understanding of various financial instruments (conditionality, advantages and disadvantages of different grants, concessional loans, equity and guarantees)</li> <li>■ Knowing which financial instruments should be used when writing climate adaptation and mitigation proposals</li> <li>■ An understanding of the distinctions between economic (public goods) and financial (private goods) IRR</li> </ul>	Guidelines on financial instruments
Business capacity	<ul style="list-style-type: none"> <li>■ A good understanding of financial de-risking tools and value chain financing tools (start-up loans, matching rebates, partial loan guarantees).</li> <li>■ An in-depth appreciation of inclusive and viable business models relevant for the scaling and replication of climate solutions to benefit the poor, women, youth, disadvantaged and marginalised</li> </ul>	Case study of successful business models

<b>Social and gender capacity</b>	<ul style="list-style-type: none"> <li>■ Ability to incentivise women and CBOs to create demand for affordable and competitive climate adaptation and mitigation solutions to reduce supply risks</li> <li>■ Knowing how to empower the poor and disadvantaged with technical and business skills, and incentivise them as value chain actors with access to affordable finance</li> </ul>	Guidelines
<b>Stakeholder engagement</b>	<ul style="list-style-type: none"> <li>■ Ability to partner and generate buy-in, and leverage private sector resources and CSO actors for the scaling-up of climate solutions</li> <li>■ Knowing how to incentivise members to join the advisory committee as members of the roster of sectoral experts</li> </ul>	Guideline on stakeholder engagement

### iii. Proposed organisational structure: human capacity which is lean and efficient

In the short term (2015 to 2016/17):

- Develop a robust system to institutionalise the NDA Secretariat to combat high institutional memory loss.
- Appoint an Executive Director for a five-year term to oversee the work of the NDA Secretariat, with support from a Project Officer to handle administrative, communication and coordination functions.
- Appoint a financial or project management officer to speed up the processes of project appraisal and IE nomination.
- Support the smaller interim team with an advisory committee, to be made up of a roster of sectoral experts selected from public, private and CSO partners for a fixed term of two years. Members provide support in the appraisal of proposals and nomination of IEs.
- Strengthen South-South partnerships and networking to facilitate the exchange of experience and skills through various initiatives e.g. Commonwealth Climate Finance Skills Hub .
- Develop and commission an NDA Secretariat website with a server facility to enhance the coordination and communication channels with GCF, and public, private and CSO partners, in order to minimise paper trails and promote a virtual office that can be accessed irrespective of geography and time zone.
- Facilitate the upload/download of documents, comments and appraisal reports to/from the server by members who are registered and have a username and password.

**In the medium-term (2016/17 to 2020):**

- As the workload and volume of requests/queries increases, add other officers to the permanent team (for example, a Deputy Executive Director, Project Management Officer, Policy Officer, and M&E Officer), providing a greater division of labour and expertise.
- Create a competent, fully-fledged team to provide in-house expertise on demand, avoiding the reliance on external expertise and facilitating faster, well-informed decision-making.
- This team would also provide critical expertise during the transition from reliance on MIEs to the development of high absorptive NIEs capable of designing high quality, prioritised and competitive proposals and with a strong appetite for the implementation of these proposals which are bankable, scalable and replicable beyond a one-off programme.

# Annexures

## Annex 1: Review of Public Investment Management and ADP (PIM Review, 2011)

The following review has been helpful in the design of the in-principle approval, which aims to align the GCF requirements with GOB's ADP system and fast-track the appraisal of GCF proposal.

In addition, the NDA Secretariat could focus on improving Bangladesh's fiduciary standards, that is, the country's audit and accounting systems. The Comptroller and Auditor General's office (C&AG) has a huge role to play in meeting GCF fiduciary requirements; the NDA might recommend to the C&AG that it makes changes in the long-standing audit and accounting practices currently used in the public sector. As a priority, serious consideration needs to be given to the generation of an annual financial statement showing assets and liabilities needs. However, any change to these long-standing practices would require change to the financial system's legal framework. This would be a slow process and therefore needs to start as quickly as possible.

**A review of PIM in Bangladesh reveals weaknesses.** Chronic problems with the under-utilisation of ADP, back-loaded disbursements, and cost and time overruns suggest that adequacy of funding is a necessary but insufficient condition for achieving better outcomes of public investment. PIM thus needs to be thoroughly addressed.

Recognising the importance of PIM, in 2010 the World Bank's Poverty Reduction and Economic Management Network (PREM) created a Diagnostic Framework for Assessing Public Investment Management. This framework divides PIM into eight distinct phases covering the entire public investment cycle: guidance and screening, formal project appraisal, review of appraisal, project selection and budgeting, implementation, project adjustment, facility operation and ex-post monitoring and evaluation. In each phase, basic 'must-have' features are defined, against which the performance of individual country PIM systems can be benchmarked.

In May 2011, the GoB conducted a PIM review using this framework. The review revealed critical weaknesses in the areas of appraisal, selection, implementation and maintenance. A subsequent study of the review reconfirmed (and indeed supplemented) these findings.

The main points of the recent PIM reviews are as follows:

### Guidance, screening and appraisal

- The link between project preparation and overall development policies works relatively well, insofar as line ministries and agencies proposing new investment projects are typically aware of government's policies and priorities, and make an effort to match their projects to these.
- No legal or regulatory framework exists to establish the essential requirements for project preparation, but basic guidelines and a standard template for project appraisal are available.
- Nevertheless, the quality of project appraisal is highly variable and appraisals are used mainly in the infrastructure and power sectors. 'Service-related' sectors (which sometimes include rural roads) do not carry out any economic or financial analyses.

### Project selection and budgeting

- Projects have to pass through several 'gateways' before appearing before the line minister and Executive Committee of the National Economic Council (ECNEC). However, as illustrated in Figure i, the very large number of projects in the ADP implies that the gateway function is not effective, suggesting poor capacity and lack of appetite for implementation.
- While the number of new projects has decreased in the last two fiscal years, the yearly addition of new projects is unsustainable considering the limited capacity to scrutinise and implement projects.
- External pressure in support of particular projects a problem, as well as the focus on procedural requirements rather than the substantive quality of technical projects. There are also procurement and logistics-related issues.
- The gateway function is also rendered ineffective because projects are approved by ECNEC without adequate funding having been secured. A recent procedure requesting line ministry secretaries to "sign off" on the affordability of new projects is a basic step in the right direction; however, this appears not to be fully living up to its intended purpose, as line ministries are in reality only committing to funding of the new project for that fiscal year and not subsequent years.

- The so-called “green pages” of the ADP (listing projects which are not formally approved and which in most cases have not even been screened for basic errors) adds to the pressure on the gateway function. While it is desirable to keep an inventory of projects ready for insertion into the budget process, these should be a) properly appraised beforehand, b) planned, and c) brought forward through a medium-term planning tool, rather than through the budget document itself.
- The revised ADP tends to be smaller than the original, as significant resources are reallocated from slow-moving to better-performing projects. Such sizable budget revisions are necessary to fully utilise the budget, but could also be seen as a testimony to the lack of credibility of the original ADP.

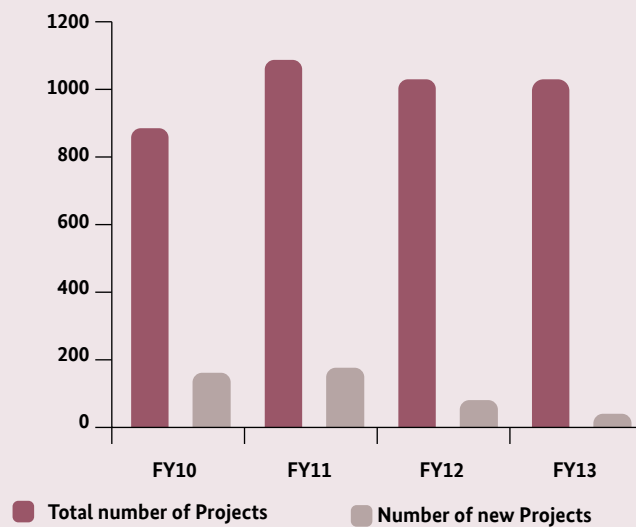


Figure i: Evolving number of projects in the ADP (Source: ADP, Planning Commission)

### Project implementation and adjustment

- The main causes for the generally slow and back-loaded implementation of investment projects appear to be related to the following areas: procurement delays, delays in land acquisition, delays in appointment of project personnel, absence of full-time project directors, and inadequate monitoring failing to make timely adjustment to projects.
- The inadequate capacity of implementing agencies, variable quality of project directors, and additional fiduciary requirements of donor-funded projects can also slow down implementation. Finally, while the mechanism for making cash releases for projects works relatively smoothly, inadequate funding resulting from the ineffective gateway function is having a negative impact on the pace of implementation, as project components are incomplete and projects need to be continually readjusted.

### Facility operation

- The project document (that is, the DPP) addresses in a general manner the requirements for the post-project operation of the newly completed assets. However, there are instances of delays in transferring funding for officials and other staff from ADP to the non-development budget. A complete asset register is also missing.
- While no systematic data exists, there are plenty of anecdotes about “roads without bridges” and “bridges without roads”. In some cases, poor planning leads to projects being completed either too early or too late in relation to staffing, equipment and other aspects of facility operation.
- Another post-project issue is lack of funding for the maintenance of assets. Maintenance comes under the non-development budget, and there continues to be only very limited funds available for this (although recent budgets have seen these increasing gradually). This area too seems to be plagued by a lack of coordination between

development and non-development budgets. Good practice would suggest that funding requirements for maintenance and facility operation should be planned for at the same time as projects are selected, and included in a total-cost approach to budgeting.

#### Basic completion review and evaluation

- A designated monitoring and evaluation unit (the government's IMED) systematically collects completion reviews, and there is a high rate of compliance on the part of line ministries and agencies. However, there is a shortage of capacity to carry out more extensive and in-depth evaluations, and only a small number of impact evaluations are conducted annually.

#### Institutional and cross-cutting issues hamper the development of PIM

Capacity issues, both in the Planning Commission and the planning wings/cells of line ministries and agencies, severely hamper the quality of PIM in Bangladesh: this needs to be addressed urgently. A number of other cross-cutting issues also negatively affect the effectiveness of the PIM system, as outlined below:

The dual budget system means that ADP – and hence investment projects – are handled through a traditional annual budgeting mechanism, whereas the medium-term budget framework (MTBF) is used for the non-development budget. The lack of coordination between the two systems seems to be taking a toll on line ministries during project preparation. In most cases, line ministries have little idea of development budget needs beyond the upcoming year, while MTBF forward estimates often lack a firm basis for projecting development budget needs in outer years. Consequently, projects often obtain ECNEC approval without much analysis of resource availability in outer years. Moreover, as ADP is not prepared following an integrated MTBF format, the numbers in outer years keep changing. That ADP is not part of the MTBF is a paradox, as this is where the latter has the biggest potential in terms of improving expenditure planning and facilitating more strategic budget allocation.

There is also a lack of harmonisation in terms of type of classification (and particularly in the translation of budget ceilings from ministry level to sector level) which again is different in the case of the development budget, and not compliant with COFOG1.

The capacity of the Planning Commission to exercise its historical function has deteriorated over a long period of time. The number of economic cadre personnel charged with appraising and scrutinising projects has remained more or less constant for the last 28 years, while the number and complexity of investment projects have increased. Capacity problems also persist in agencies and line ministries, which provide the main inputs and are responsible for the outputs/outcomes of development projects. A resurrection of capacity throughout the entire PIM cycle is a key to improving PIM.

The civil service system has a negative impact on efforts to increase capacity, in that frequent rotation of staff reduces the possible outcomes of capacity building and makes it difficult to sustain core teams of qualified staff in various aspects of PIM.

#### Looking ahead

To further augment the capacity to invest, we have considered a number of policy options. In the short-term it will be important to:

- Adjust appraisal guidelines to ensure use of standardised appraisal techniques and uniform discount rates across projects and sectors. It is important to decide which entity is responsible for adjusting and disseminating discount rates.
- Consider further and stronger measures to ration the number of new projects entering ADP. A primary tool would be to request line ministry secretaries to sign off on the affordability of new projects not only for the fiscal year but for the entire project life cycle. This would also aid the quality of forward estimates and provide better coordination within the MTBF.
- Initiate a tracking exercise using case studies from a number of projects to pinpoint project implementation bottlenecks and make recommendations for their removal.
- Consider raising the threshold for ministerial and ECNEC approval of projects. This would free up resources among senior staff in the Planning Commission and line ministries, enabling them to focus on fewer and more strategic projects.

#### In the medium term:

- Develop a rolling, strategic, investment planning database to synchronise the budget process for the medium term and better match the project

pipeline with available resources. The database should be medium-term in nature and hold records on the status of all projects. Such a planning tool could be made consistent with MTBF reform and provide a significant boost to the planning, budgeting and monitoring of investment projects.

- The necessary enhancement of capacity in the area of PIM could take a number of forms. Firstly, a group of trained project directors could be established across ministry boundaries, with the capability to prepare, appraise and implement investment projects. Secondly, skills could be developed in the line ministry planning wings, to improve the quality of project proposal documents (DPPs) and conduct option identification and appraisal. Finally, the capacity of the Planning Commission could be significantly strengthened, to undertake the meaningful independent assessment and scrutiny of all DPPs.
- In order to move to a more formal and structured PIM system, the passing of a PIM Act or other type of regulation should be considered. This would state clearly the duties and responsibilities required to ensure all aspects of PIM are carried out thoroughly and consistently.

## Annex 2: ToRs for various short and medium term positions

To maintain the NDA Secretariat as a lean institution, the NDA may choose to recruit sufficient officers only over the short term (Executive Director, Project Assistant and Financial Officer) and to provide support in the development and rapid appraisal of high quality proposals while relying on external expert advice (such as that provided by the proposed roster of sector experts providing support to the Advisory Committee). However, as the demand for services progresses from the proposal appraisal phase to the project/programme implementation phase, the NDA may choose to further strengthen in-house expertise by recruiting other officers (Deputy Executive Director, Project Management Officer, Policy Officer, Monitoring & Evaluation Officer) over the medium term to strengthen the team.

### A. Recruitment over the short term (2015 to 2016)

#### 1. Executive Director of the NDA Secretariat (NDA will decide on the exact title of the position)

**Background:** The National Designated Authority (NDA) for the Green Climate Fund (GCF) is a designated institution with the authority and mandate to officially communicate and liaise with the GCF (through the GCF Secretariat), and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund. The NDA develops a country work programme (in line with national priorities, strategies and plans) on how to work with the GCF, facilitates the nominations of implementing entities (IEs) to the Fund for accreditation applications (for entities applying under the direct access track), through no-objection procedures, reviews project concepts and recommends to the GCF funding proposals (ensuring consistency of funding proposals from intermediaries and IEs with national plans and strategies). In Bangladesh, the GoB Economic Relations Division has been selected as the NDA Secretariat for the GCF.

**Responsibilities:** The Executive Director (ED) will report to the NDA and serve as its main focal person. The NDA must maintain regular communication with the GCF Secretariat and provide written communication on, for example, readiness activities and coordination, IE nominations, concept/proposal assessments/no-objections and M&E/MRV reporting.

It is also the ED's responsibility to review and verify associated documents and information provided by NDA Secretariat staff and to make recommendations to the NDA regarding nominations and no-objections, before passing on information to the GCF. The ED needs to be familiar with relevant institutions and stakeholders, and with various finance sources. He/she needs to engage with respective stakeholders, in particular international and national funding mechanisms working in Bangladesh, but also with the private sector and CSO partners and prospective IEs. Specifically, the responsibilities include, but are not limited to, the following:

- Make swift and well-informed decisions from the evidence provided.
- Ensure that communication with the GCF, as well as country visits and meetings with the Fund's officials, are professionally facilitated and coordinated.
- Have a high level of understanding of the GCF's operational procedures and requirements for accreditation and project funding; coordinate with the Financial Officer (see ToR, below) to obtain detailed, relevant information.
- Coordinate and build relationships with different public, private and CSO stakeholders and prospective IEs, as well as international development organisations/donors.
- Lead the development of the strategic country work programme that identifies priorities in terms of how Bangladesh will engage with the GCF, by reviewing drafts prepared by the Policy Officer and facilitating the development of the programme under the Annual Development Plan.
- With support from the Advisory Committee, steer the process for the nomination of potential IEs, and for concepts and project proposals prepared by IEs and EEs. To do this, the ED needs to ensure that the NDA Secretariat retains the capacity to assess the potential IEs for nomination for direct access, and reviews the deliverables of NDA Secretariat staff members, before providing recommendations to the NDA about their decisions, and before passing on nominations and no-objection decisions to the GCF.



- Liaise with the MoEF, the focal ministry of UNFCCC and all relevant stakeholders (both state and non-state) to develop a deeper understanding of the strategic framework on climate change.
- Initiate and oversee the competitive or consultative process for the selection of prospective accredited entities under the enhanced direct access.
- Ensure that the NDA Secretariat a) maintains an M&E framework, b) retains an overview of funded programmes and of all funding proposals, and c) facilitates the information on the projects and programmes is made available through the appropriate media and relevant networks. In addition, review and verify M&E reports before i) sharing them with NDA, the Project Steering Committee, and IMED under the ADP system for their perusal, and ii) presenting them to the GCF.

#### Competencies:

- Good knowledge of the national and international development framework, with particularly focus on climate change adaptation and mitigation.
- Strong communication and facilitation skills; an ability to establish good working relationships with colleagues and stakeholders at all levels in a sensitive environment.
- Able to coordinate and foster a network of partners and allies.
- Strong interpersonal and management skills.
- Experience of managing staff.
- Ability to manage one's own workload and that of others.
- Confident networker with ability to form alliances and partnerships with key senior players.
- Ability to work well under pressure.
- Able to represent the NDA Secretariat at the GCF and other international institutions and events, including giving presentations.
- A high level of computer literacy is essential.
- Excellent written and spoken English is essential.

#### Required qualifications

**Academic qualifications:** Postgraduate degree in Development Science, Management, Environment Sciences, Climate Finance, Technical Science or

related field, combined with extensive experience in a similar responsible position.

**Experience:** At least 15 years work experience in a field related to development, and planning or management of projects. At least seven years senior management experience, including human resources supervision and management. Previous successful involvement with, and good knowledge of government agencies (ideally international development agencies and donors) is desirable.

## 2. Project Officer

**Background:** The National Designated Authority (NDA) for the Green Climate Fund (GCF) is a designated institution with the authority and mandate to officially communicate and liaise with the GCF (through the GCF Secretariat) and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund. The NDA develops a country work programme (in line with national priorities, strategies and plans) on how to work with the GCF, facilitates the nominations of implementing entities (IEs) to the Fund for accreditation applications (for entities applying under the direct access track), through no-objection procedures, reviews project concepts and recommends to the GCF funding proposals (ensuring consistency of funding proposals from intermediaries and IEs with national plans and strategies). In Bangladesh, the GoB Economic Relations Division has been selected as the NDA Secretariat for the GCF.

**Responsibilities:** The Project Officer for the NDA Secretariat will work under the direct supervision of the Executive Director (ED) of the NDA Secretariat. S/he will conduct project appraisals, coordinate and communicate with stakeholders as required, and conduct administrative and secretarial tasks for the NDA Secretariat. Specifically, their responsibilities include, but are not limited to, the following:

- Plan and organise workshops and other events (e.g. stakeholder consultations).
- Assist with the organisation of meetings, workshops, field trips and other events (e.g. preparing materials and logistics, communicating by phone); take minutes and provide administrative support during meetings and other events.

- Draft letters under the direction/with the permission of the ED and Deputy ED.
- Manage and update communication tools (e.g. website, server, publications) for the NDA Secretariat, in close coordination with the NDA Secretariat team.
- Disseminate, among others, key operational procedures and requirements of the Fund, the no-objection procedure and status of funding proposals and programmes, and M&E results.

#### Competencies:

- Excellent administrative and office management skills.
- Strong communication and facilitation skills; event management experience.
- Detail-oriented and organised.
- High level of self-motivation, as well as the ability to work as part of a team.
- High degree of computer literacy in Microsoft packages (MS Word, MS PowerPoint, MS Excel, Outlook), including online communication experience (knowledge of content management systems and social media).
- Excellent written and spoken English essential.

#### Required qualifications

**Academic qualifications:** Relevant degree, combined with extensive experience in a similar responsible position.

**Experience:** At least three years work experience as administration/project officer in a public or reputable private organisation or international development agency.

#### B. Recruitment over the medium term (2017 to 2020)

### 3. Financial Officer (public and private finance)

**Background:** The National Designated Authority (NDA) for the Green Climate Fund (GCF) is a designated institution with the authority and mandate to officially communicate and liaise with the GCF (through the GCF Secretariat), and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund. The NDA develops a country work programme (in line with national priorities, strategies

and plans) on how to work with the GCF, facilitates the nominations of implementing entities (IEs) to the Fund for accreditation applications (for entities applying under the direct access track), through no-objection procedures, reviews project concepts and recommends to the GCF funding proposals (ensuring consistency of funding proposals from intermediaries and IEs with national plans and strategies). In Bangladesh, the GoB Economic Relations Division has been selected as the NDA Secretariat for the GCF.

**Responsibilities:** The Financial Officer will work under the supervision of the Executive Director (ED) of the NDA Secretariat. S/he will serve as the main focal person at the Secretariat for questions concerning i) public and private financial management procedures, ii) requirements of the GCF investment framework, iii) conditionality of the financial instruments, and iv) GCF accreditation requirements. The NDA Secretariat is required to maintain regular communication with the GCF Secretariat, and needs to provide written communication with regards to IE nominations and no-objection decisions. It is also the Financial Officer's responsibility to i) inform staff members and external stakeholders about the latest requirements of the GCF, ii) pre-assess potential IEs, and iii) provide recommendations to the ED of the NDA Secretariat for proposal nominations and no-objections.

- Keep well-informed about and abreast of the latest GCF access modalities and full proposal template.
- Be familiar with appraisal techniques (e.g. cost benefits analysis, environmental impact assessments, financial ratios) as well as risk analysis and management procedures.
- Have a) an in-depth understanding of the GCF investment framework and criteria, that is, an ability to identify proposals which are transformative, paradigm shifting beyond a one-off programme, high quality and competitive, as well as scalable and replicable, and b) the ability to leverage alternative funding sources as co-funding.
- Have an in-depth understanding of a) the advantages and disadvantages of financial instruments (conditionality of grant, concessional loans, equity and guarantee), b) financial incentives (start-up loans, matching rebate, partial loan guarantee), and c) inclusive business models (value chain financing, micro-franchising),

to ensure a robust exit strategy with financial sustainability.

- Develop and maintain national communication channels (e.g. NDA Secretariat website/server, media) and coordinate with potential in-country IEs to disseminate the operational procedures of the GCF and other funds. These should include fiduciary standards, and environmental, social and gender safeguards. Develop, among others, guidelines and templates in line with GCF requirements and national regulations.
- Review accreditation applications and prepare assessment reports for potential nominations on behalf of the ED, taking into consideration project size, risk category, absorptive capacity and appetite for implementation.
- Cooperate and coordinate closely with other Secretariat staff members to disseminate knowledge about access requirements, particularly with the Project Management Officer and M&E Officer who have to follow such requirements to ensure their roles (e.g. proposal review, development of M&E frameworks).
- Carry out other tasks as assigned by the NDA Secretariat ED or Deputy ED.
- Lead a collaborative working ethos both within the NDA Secretariat team, and throughout the network and group of external stakeholders (e.g. other ministries).

#### Competencies

- Ability to make swift and well-informed decisions based upon the evidence provided.
- Good knowledge of a) fiduciary standards, and b) public and private financial and business management procedures and regulations.
- Strong communication and facilitation skills; ability to establish good working relationships with colleagues and stakeholders in a sensitive environment. Able to respond quickly to information needs; ability to write clearly and concisely.
- Excellent data analytical skills, and interpretation and report-writing skills.
- Ability to demonstrate strong interpersonal and motivational skills; ability to work with minimal supervision.
- Computer literate in Microsoft packages (MS Word, MS PowerPoint, MS Excel, Outlook),

- Excellent written and spoken English and Bangla is essential.

#### Required qualifications

**Academic qualifications:** Masters degree in Public Management, Finance, or Business Management, or related field, combined with extensive experience in a similar responsible position.

**Experience:** At least seven years work experience in a field related to public financial management. Previous successful involvement with, and good knowledge of government agencies and non-government organisations is desirable (ideally this should be of international development agencies and donors).

#### 4. Deputy Executive Director (Deputy ED) of the NDA Secretariat (exact title to be decided by NDA)

**Background:** The National Designated Authority (NDA) for the Green Climate Fund (GCF) is a designated institution with the authority and mandate to officially communicate and liaise with the GCF (through the GCF Secretariat), and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund. The NDA develops a country work programme (in line with national priorities, strategies and plans) on how to work with the GCF, facilitates the nominations of implementing entities (IEs) to the Fund for accreditation applications (for entities applying under the direct access track), through no-objection procedures, reviews project concepts and recommends to the GCF funding proposals (ensuring consistency of funding proposals from intermediaries and IEs with national plans and strategies). In Bangladesh, the GoB Economic Relations Division has been selected as the NDA Secretariat for the GCF.

**Responsibilities:** The Deputy ED of the NDA Secretariat will work under the supervision of the Executive Director (ED). S/he will work with the ED to pace and drive the development of the NDA Secretariat, including ensuring the analysis and implementation of priorities and partnerships. S/he will serve as a senior-level partner, mentor and bridge builder between NDA Secretariat staff members. The NDA Secretariat needs to maintain regular communication with the GCF Secretariat and to provide it with written communication (e.g. on readiness activities and coordination, IE nominations, concept/proposal assessments/no-

objections and M&E/MRV reporting). It is the Deputy ED's responsibility to assist the ED by guiding NDA Secretariat staff members in this, and reviewing their deliverables.

- Assist the ED by facilitating communication with the GCF, and during country visits and meetings with Fund's officials.
- Maintain a high level of understanding of GCF operational procedures and requirements pertaining to accreditation and project funding.
- Support the ED in the development of the strategic country work programme which identifies priorities in terms of how Bangladesh will engage with the GCF. This will be done by reviewing drafts prepared by the Policy Officer and contributing to the development of the programme under the ADP.
- Coordinate the work of NDA Secretariat staff in their preparation of concept and project proposal reviews submitted by IEs, and when maintaining the M&E framework.

#### Competencies:

- Ability to make swift and well-informed decisions from the evidence provided.
- Good knowledge of the national and international framework development, with particular focus on climate change adaptation and mitigation.
- Strong communication and facilitation skills; ability to establish good working relationships with colleagues and stakeholders at all levels in a sensitive environment; ability to coordinate and foster a network of partners and allies.
- Ability to demonstrate strong interpersonal and management skills.
- Experience of managing staff.
- Strong interpersonal skills; sound judgment; ability to manage own workload and that of others.
- Confident networker with an ability to form alliances and partnerships with key senior players.
- Ability to work well under pressure.
- High degree of computer literacy is essential.
- Excellent written and spoken English and Bangla is essential.

#### Required qualifications

**Academic qualifications:** Masters degree in Development Science, Management, Environment Sciences, Climate Finance, Natural Science, Technical Science or related field, combined with extensive experience in a similar responsible position.

**Experience:** At least ten years work experience in a field related to development, and planning and management of projects/programmes. At least five years of senior management roles, including human resources supervision. Previous successful involvement with, and good knowledge of, government agencies and non-government organisations is desired, ideally with international development agencies and donors.

#### 5. Policy Officer

**Background:** The National Designated Authority (NDA) for the Green Climate Fund (GCF) is a designated institution with the authority and mandate to officially communicate and liaise with the GCF (through the GCF Secretariat), and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund. The NDA develops a country work programme (in line with national priorities, strategies and plans) on how to work with the GCF, facilitates the nominations of implementing entities (IEs) to the Fund for accreditation applications (for entities applying under the direct access track), through no-objection procedures, reviews project concepts and recommends to the GCF funding proposals (ensuring consistency of funding proposals from intermediaries and IEs with national plans and strategies). In Bangladesh, the GoB Economic Relations Division has been selected as the NDA Secretariat for the GCF.

**Responsibilities:** The Policy Officer for the NDA Secretariat will work under the supervision of the Executive Director (ED) of the NDA Secretariat. S/he will a) serve as the main focal person for all policy- and country strategy-related activities for the NDA Secretariat, b) amalgamate reports from IEs and intermediaries, and c) report to the ED of the NDA Secretariat.

In close partnership with the MoEF and Planning Commission, the NDA Secretariat will develop a strategic country work programme which identifies priorities in terms of how Bangladesh will engage with the GCF. In this respect, the NDA needs to be

familiar with the government's national development plan (Seventh 5 Year Plan) and climate adaptation and mitigation efforts, and the needs and priorities of Bangladesh, and build on existing strategies, policies, climate change response efforts and needs assessments (including BCCSAP, NAMAs, NAPA, and NAP [the latter currently being developed]). It is the Policy Officer's responsibility to a) investigate relevant information at national and international level, b) inform NDA Secretariat staff members about latest developments, and c) prepare paragraphs as required, to be verified and used by the ED and Deputy ED of the NDA Secretariat to draft the strategic country work programme.

The NDA Secretariat also recommends funding proposals to the GCF (in the context of national climate strategies and plans) and is to be consulted, through a 'no-objection' procedure, on all proposals prior to their submission to the Fund. This is to ensure consistency with these strategies and plans. It is the Policy Officer's responsibility to coordinate with and support the Project Management Officers during a) the pre-screening of project concepts for no-objection, and b) the assessment of GCF funding proposals with regard to technical, financial, strategic and political aspects, and c) to seek clarification or make suggestions with regards proposals which are not aligned with national strategies.

- Monitor developments in and be responsible for sourcing data and information pertaining to national strategies and plans; review policies, decrees and decisions (in consultation with other stakeholders, primarily ministries and states), taking current and emerging trends into account.
- Maintain a detailed information base of a) all relevant policies, strategies and finance sources (multilateral, bilateral, regional) working in Bangladesh, and b) relevant institutions and respective stakeholders (particularly donor organisations; but also private sector actors and potential candidate IEs).
- Contribute to the development of the strategic country work programme by drafting relevant sections, and write briefings, speeches and reports for the ED and Deputy ED on relevant policy matters.
- Closely coordinate with the Financial Officer and assist during the nomination process of entities applying for accreditation as IEs.

- Cooperate closely and coordinate with Project Management Officers; assist during the review and assessment of project concepts and proposals; ensure that projects/programmes are aligned with national strategies and the NDA's strategic country work programme.
- Ensure mentoring and training of NDA Secretariat staff members to foster capacity building in national framework conditions (e.g. policies); participate in (and provide necessary inputs to the preparation of, and during) workshops and training provided to other stakeholders.
- Provide timely and accurate advice and information; carry out other tasks as assigned by the ED and Deputy ED of the NDA Secretariat.
- Lead a collaborative working ethos both within the NDA Secretariat team and throughout the network of external stakeholders (other ministries).

#### Competencies

- High level of understanding and good knowledge of Bangladesh's national development and green growth, and climate change and economic development framework, including policy development and the relevant stakeholders.
- Strong communication and facilitation skills; an ability to establish good working relationships with colleagues and key senior stakeholders in a sensitive environment; able to respond quickly to information needs and to write clearly and concisely in English and Bangla.
- Understanding and experience of using a variety of research methodologies; excellent data analytical skills, and interpretation and report-writing skills, including an ability to develop policy sections and ideas (to be used for the NDA's strategic country work programme).
- Demonstrate strong interpersonal and motivational skills and the ability to work with minimal supervision.
- Computer literacy in Microsoft packages (MS Word, MS PowerPoint, MS Excel, Outlook).
- Excellent written and spoken English and Bangla is essential.

## Required qualifications

**Academic qualifications:** Degree in development and climate policy (combined with extensive experience in similar responsible position).

**Experience:** At least seven years work experience in a policy role at national level (design and/or research) is preferable; experience of managing and delivering specific policy, advocacy and research projects effectively and on time. Previous successful involvement with, and good knowledge of, government agencies and non-government organisations is desired (and ideally with and of international development agencies and donors).

## 6. Monitoring and Evaluation Officer (M&E/MRV) Officer

**Background:** The National Designated Authority (NDA) for the Green Climate Fund (GCF) is a designated institution with the authority and mandate to officially communicate and liaise with the GCF (through the GCF Secretariat), and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund. The NDA develops a country work programme (in line with national priorities, strategies and plans) on how to work with the GCF, facilitates the nominations of implementing entities (IEs) to the Fund for accreditation applications (for entities applying under the direct access track), through no-objection procedures, reviews project concepts and recommends to the GCF funding proposals (ensuring consistency of funding proposals from intermediaries and IEs with national plans and strategies). In Bangladesh, the GoB Economic Relations Division has been selected as the NDA Secretariat for the GCF.

**Responsibilities:** The Monitoring and Evaluation (M&E) Officer for the NDA Secretariat will work under supervision of the Executive Director (ED). S/he will a) serve as the main focal person for all of the Secretariat's M&E-related activities, b) amalgamate each IE and intermediary report, and report on them to the ED, and c) update the database on the website and server.

The NDA must maintain regular communication with the GCF Secretariat in English through internet-based correspondence; it also needs to provide hard copies of written communication as required. This includes a) ensuring M&E/MRV reporting on funded projects and programmes is in accordance with the ADP system and relevant guidelines, and b) facilitating any available information on the projects/programmes through the appropriate website, media and relevant networks. It is also the M&E Officer's responsibility to a) develop and maintain an M&E and MRV reporting system, aligned with GoB's ADP system and the GCF's results framework, and b) coordinate internally (with other NDA Secretariat staff members) and with external stakeholders (particularly intermediaries and IEs) to produce M&E reports.

- Lead development of and oversee the maintenance of an M&E framework (including processes and templates and indicator development) and M&E database in line with, among others, the ADP and IMED systems, the GCF criteria for programme and project financing (GCF/B.07/03), the initial result framework (GCF/B.07/04), and the investment framework (GCF/B.07/06).
- Be responsible for sourcing data and information for specific M&E needs directly from IEs and intermediaries, ensure quality control of M&E outputs and consolidate the results to be reported to the ED of the NDA Secretariat (bi-annual progress reports/meeting the deadline as per the requirement of the GCF).
- Oversee and participate in evaluations and assessments of projects/programmes implemented by IEs and prepare associated reports.
- Closely cooperate and coordinate with Project Management Officers; review and provide advice related to logframes and indicators of proposals submitted by IEs; request advice on technical matters for the design, quality, development and completion of all assessments and analytical reports.
- Closely cooperate and coordinate with the Financial Officer and Policy Officer to ensure

indicators are in line with strategic developments and GCF requirements.

- Maintain a detailed knowledge of all relevant issues impacting his/her field of M&E.
- Ensuring mentoring and training of NDA Secretariat staff members to foster capacity building on M&E knowledge; attend, participate in and provide necessary inputs for preparation of and during workshops and training provided to other stakeholders; i.e. support other NDA Secretariat staff members in disseminating key operational procedures and requirements of the Fund, such as M&E requirements.
- Support M&E missions commissioned by the GCF.
- Carry out other tasks related to M&E and MIS as assigned by the Director or Vice Director of the NDA Secretariat.
- Lead a collaborative work ethos both within the NDA Secretariat team and throughout the network and group of external stakeholders (other ministries).

### Competencies

- Good knowledge of M&E and result measurement concepts and framework; experience in M&E of development project activities (ideally in the field of climate change adaptation and mitigation).
- Technical skills in socio-economic research and project/programme performance assessment.
- Strong communication and facilitation skills; an ability to establish good working relationships with colleagues and stakeholders in a sensitive environment; being able to respond quickly to information needs and to write clearly and concisely.
- Excellent data analytical skills, and interpretation and report writing skills.
- Able to demonstrate strong interpersonal and motivational skills, and the ability to work with minimal supervision.
- Computer literate in Microsoft packages (MS Word, MS PowerPoint, MS Excel, Outlook).

- Excellent written and spoken English and Bangla is essential.

### Required qualifications

**Academic qualifications:** Master degree in Development Science, Management, Environment Sciences, Natural Science, Technical Science or related field combined with extensive experience in similar responsible position.

### Experience

At least seven years work experience in a field related to development; planning or project management.

At least three years of experience in M&E design and implementation at the project level preferable, including indicator development, data collection and analysis, data quality assessments, and/or performance monitoring and reporting.

Previous successful involvement with, and good knowledge of government agencies and non-government organisations is desirable, ideally of international development agencies and donors.

## Annex 3: Stakeholders mapping and met during mission

Climate institutions and activities		
Groups of institutions	Major areas of activity	Institutions (examples)
Government	Research and modelling	BARC, BARI, BRRI, BIDS, IWFM, academic institutions (e.g., BUET, BAU)
	Programme planning/implementation of adaptation strategies	Ministry of Food and Disaster Management, CDMP, MoEF, Department of Environment, Ministry of Water Resources, Ministry of Agriculture, Local Government Engineering Department, WARPO, Social Welfare
	Immediate disaster response	Directorate of Relief and Rehabilitation, Disaster Management Bureau, Armed Forces, Coastal Guard, District administration, Red Crescent Society, CPP
	Climate data generation	IWM, CEGIS, BMD, BWDB
Local government	Implementation of emergency measures, pre-and post-disaster relief and rehabilitation, food security	Union parishad, upazila parishad, municipal corporation, VGD, VGF, FFW
Civil society/think tanks	Socio-political motivation, networking, lobbying	BELA, BAPA, Nirapad, Deshpremik Mancha, BIDS
NGOs, CBOs	Motivation, promotion, awareness raising, training	CARE, BRAC, Oxfam, Water Aid, CBOs
Media	Popular investigation, transparency, accountability, awareness raising	Electronic and print media organisations
Commercial enterprises	CSR activities, capacity building, awareness raising, food security	Banks (e.g. HSBC presenting climate change awards); Coca Cola (“Every drop matters”, project with Concern Universal) Unilever (rehabilitation programme in Cyclone Aila-affected areas)
Financial institutions	Micro credit/bank loans	BRAC/Grameen Bank/other NGOs, private and public banks
	Use of foreign remittances to cope with adversities	Western Union, BRAC, mobile companies

Institutions and individuals met during mission		
Institution	Person met	Designation
ERD	Ashadul Islam	Additional Secretary
	Shamima Nargis	Additional Secretary
	Iftekhar Hossain	Deputy Secretary
Planning Commission (programming division)	Syeedul Haque	Division Chief
	Dr Nurun Nahar	Senior Assistant Chief
Planning Commission (GED)	Dr Taibur Rahman	Senior Assistant Secretary
Planning Commission (sector division: Agriculture, Water Resources & Rural Institution)	Dr Shajahan Ali Khondokar	Joint Chief
MoEF (DoE)	Mirza Shawkat Ali	Director (Climate Change and International Convention)
KfW	Mehedi Ahsan	Sector Specialist
UNDP	Mamunur Rashid	Climate Change Specialist
	Kevork Baboyan	Public Finance Specialist
World Bank	Lia Carol Sieghart	Lead Climate Change Specialist
	Shakil Ahmed Ferdausi	Senior Environment Specialist



Bangladesh Bank (Sustainable Finance department)	Manoj Kumar	General Manager
	Morshed Millat	Deputy General Manager
	Asif Iqbal	Deputy Director
IDCOL	Enamul Karim Pavel	Head of Renewable Energy
	Farzana Rahman	Vice President and Unit Head (Investment)
AFD	Ribadeau Dumas Hugo	Project Coordinator
Transparency International Bangladesh	Zakir Hossain Khan	Senior Project Manager
UKAid	Paul Eastwood	Team Leader, Climate Change and Disaster Resilience
	Helen O' Connor	Climate Change and Environment Adviser
	David Gray	Governance Adviser
North South University	Dr. Mizan R Khan	Professor

## Annex 4: Roles and responsibilities of NDA based on GCF guidelines on NDA assessment

NDA responsibilities	Requisite skills	Key issues to consider:
<b>1. NDA nomination for IE or intermediary accreditation application (for entities applying under the direct access track*)</b>	<ul style="list-style-type: none"> <li>- NDA/focal point should facilitate the communication to GCF Secretariat of nominations of entities applying for accreditation as IEs or intermediaries.</li> <li>- Capacity to assess IE(s) or intermediary/ies accreditation nominations for direct access in light of fiduciary principles and GCF's ESS.</li> <li>- Communication channel with GCF regarding the nomination of NIE accreditation application.</li> <li>- Under direct access, selection of a prospective accredited entity to be carried out through a competitive or consultative process by the NDA/focal point. Submission of accreditation proposal to be done in consultation with NDA (5 March 2015, GCF/B.09/05).</li> </ul>	<p>Processes, procedures, structures and capabilities (to be established if needed)</p> <p><b>Processes and procedures</b></p> <ol style="list-style-type: none"> <li>1. Review a) ERD mechanisms with regard to conformity of intermediaries and IEs with relevant national laws, regulations and standards, and b) the Fund's fiduciary principles, ESS and gender policy.</li> <li>2. Communication channels between ERD and GCF:               <ul style="list-style-type: none"> <li>■ Where should the request for a no-objection letter be sent?</li> <li>■ Who will respond to and evaluate the request?</li> </ul> </li> <li>3. Communication processes between the ERD-NDA and prospective accredited entities.</li> </ol> <p><b>Capacities</b></p> <ol style="list-style-type: none"> <li>1. Assess knowledge of the ERD-NDA with regard to the fiduciary principles, ESS and gender policy of the GCF</li> <li>2. Implications for human resources</li> </ol>
<p><b>2. Through the no objection procedure, recommend to the Board funding proposals from national, subnational, regional and international intermediaries and IEs which are:</b></p> <p><b>i. In line with the financial and investment criteria of the GCF</b></p> <p><b>ii. In line with the Fund's ESS, gender policy and relevant national laws</b></p> <p><b>iii. Consistent with national climate change strategies and plans and gender plans, including through country co-ordination and multi-stakeholder engagement</b></p>	<ul style="list-style-type: none"> <li>- Each country decides on its own nationally appropriate process for ascertaining no objection to funding proposals; this should be done according to country's capacities and existing processes and institutions.</li> <li>- NDA assesses GCF funding proposals with regard to the technical, financial, strategic and political aspects of each. This includes proposals from the private sector.</li> <li>- NDA seeks clarification of any proposal which is ill-conceived, duplicative or of low priority.</li> <li>- NDA must have in place a decision-making process which is effective, fair and impartial, and which operates in a timely manner to allow quick access to funds.</li> <li>- NDA must maintain a continuous overview of all funding proposals being developed so that it can review, seek clarification or make suggestions in regard to any proposal not aligned with national strategies.</li> </ul>	<p>A. With regard to funding proposals and no-objection:</p> <p><b>Processes and procedures</b></p> <ol style="list-style-type: none"> <li>1. Current national and internal ERD/MoF processes and procedures for funding proposal screening and appraisal (e.g. entire project cycle, such as call for proposals, procurement, M&amp;E).</li> <li>2. Refer to Annual Development Plan, ODA, soft loan and Public Fund Management and Investment Law.               <ol style="list-style-type: none"> <li>(a) With regard to alignment of these processes with the GCF's requirements for IEs and intermediaries and other donor funding channels (see Figure 4 for blending and sequencing GCF resources)</li> <li>(b) With regard to conformity of intermediaries and IEs (MIEs, regional IEs, EEs) with existing Bangladesh needs and requirements for concessional loans vs. grants.</li> </ol> </li> <li>3. Efficient mechanism for calling upon ministerial or external/contractors to offer needed technical, financial or political expertise and advice.</li> <li>4. Communication and feedback loops with possible IEs and intermediaries.</li> </ol>

- In order to ensure consistency with national priorities, strategies and plans, and to avoid duplication, NDA should have the ability to interact and coordinate with the focal points and designated authorities of other funds (e.g. GEF, Adaptation Fund).

- NDA/focal point should be able to oversee and streamline the country's engagement with all sources of internal (e.g. BCCTF) and external (e.g. BCCRF, SPCR) climate finance

- If required, NDA should have in place coordination mechanisms to call upon external support with private sector, civil society and other line ministries for proposal assessment.

- NDA must assess funding proposals with regard to GCF fiduciary standards, ESS, and gender policy

- NDA is responsible for overall implementation of the gender policy (the main operational responsibility for implementation lies with the accredited entities, including IEs and intermediaries)

**Capacities**

5. Capacities to undertake technical, financial, regulatory, strategic and political risk assessments (e.g. cost benefit analysis, financial sustainability, EIRR vs. FIRR, marginal abatement cost/benefit curve).

6. Knowledge of NDA with regard to the criteria of the GCF's investment framework (see Annex 3).

7. Implications for human resources.

**B. With regard to oversight and governance structures for review of funding proposals and no-objection:**

1. In Bangladesh, the NDA Advisory Council or National Environmental Committee (NEC) could serve as an oversight mechanism. The NEC as chaired by Hon. Prime Minister could be the forum for NDA to report on climate finance activities.

2. National Steering Committee for Climate Change chaired by MoEF.

3. GCF taskforce or NDA appraisal team within ERD??

4. Working group on Finance for Climate Change (this may include a technical review board for proposal screening).

5. Advisory Committee or NDA appraisal team within ERD

6. Implications for human resources.

Explanation needed as to how the above governance structure is most suited to the Bangladeshi context, and also compare better efficiency to that seen with GEF.

**C. With regard to the Fund's initial socioeconomic and gender assessments and the Fund's ESS:**

**Processes and procedures**

1. Project proposal review process for project preparation of project implementers with regard to environmental and social safeguards and gender considerations and adherence to relevant national laws, regulations and standards.

2. Communication channels with coordinating bodies (DoE, MoEF) for environmental impact assessments, compliance monitoring, inspections, and enforcement across jurisdictions.

3. Communication channels with line ministry in charge of labour and social inclusion to align with national strategy on gender equality and inclusion.

**Capacities**

1. Knowledge and understanding of the Fund's environmental and social guidelines and gender policy.

2. Mandatory application in reviewing project proposals of the Fund's i) guidelines on the initial socioeconomic and gender assessments, and ii) ESS.

3. Implications for human resources.

- Although intermediaries or IEs (NIEs/RIEs/MIEs) are responsible for coordinating and facilitating stakeholder engagement, NDA/focal point is responsible for driving and coordinating these processes to facilitate country coordination and multi-stakeholder engagement

- NDAs/focal points are encouraged to disseminate the no objection procedure a) in their countries as appropriate, and b) through their own websites and communication channels, especially in local languages

### 3. Act as the focal point for Fund communication

- The NDA/focal point should be able to a) maintain regular communication in English with the Secretariat through Internet-based correspondence, b) facilitate country visits and meetings with Fund's officials, and c) provide written communication as required.

- S/he should also be able to disseminate in local languages the key operational procedures of the Fund, including its ESS and no objection procedure.

- NDA/focal point should retain an overview of all funding proposals relating to the country and communicate available information on the projects and programmes through appropriate media and relevant networks, including in local languages.

- NDA/focal point should be familiar with multilateral finance and be able to interact with private sector actors in the country.

**D. With regard to consultation mechanisms for ensuring proposals are in line with national strategies and plans, review the following against best-practice options:**

#### Processes, procedures and structures

1. National coordination and stakeholder engagement mechanisms, negotiation processes and planning procedures (among others).
2. Mechanism to streamline country's engagement with all sources of internal and external finance.

#### Capabilities

1. Ability or mechanism to oversee and streamline the country's engagement with all sources of internal and external climate finance.
2. Ability or mechanism to assess existing regular country meetings or national planning/dialogue exercises (this could be in the context of other sources of funding for climate change activities).
3. Ability or mechanism to drive strategic frameworks for the preparation and implementation of funding proposals (may require the creation of a dedicated country coordination mechanism for the country's identification of its strategic framework in the context of the Fund).
4. Implications for human resources.

Note: mechanisms be measured against the best practices of the Adaptation Fund, the GEF, and the Global Fund to Fight AIDS, Tuberculosis and Malaria

#### Processes, procedures and structures:

1. Communication channels between ERD and the GCF.
2. National dissemination and outreach channels (e.g. networks, media) in-country for disseminating the operational procedures of the Fund, its environmental and social safeguards and no-objection procedure; as well as status of funding proposals and programmes.

3. A "team" responsible for coordinating and driving communication with the Fund and managing operational activities.

4. Implications for human resources.

Source: June 2013, Decision B.04/05; February 2014, Meeting of the Board GCF/B.06/07

The NDA would be able to receive GCF support under the GCF readiness programme in areas 1, 2, 3 and 4. So far, GCF has produced templates for developing readiness proposals in areas 1 and 2, which the NDA in Bangladesh has already submitted through two delivery partners: GIZ (Area 1) and UNDP (Area 2). In November 2015 a workshop on GCF's private sector facility in Bangladesh, the GCF Financial Institution Specialist (a private sector specialist) stated that readiness support for accreditation is available under Area 3. He advised the NDA to ask for readiness support for accreditation for Bangladesh Bank and PKSF, two entities shortlisted for potential GCF accreditation. Achieving/harnessing GCF readiness support for strengthening the NDA Secretariat, developing a country strategic framework, and accreditation should also be included in NDA responsibilities, as NDA Secretariat is working in these areas. In addition, NDA Secretariat facilitates direct contact between the GCF Secretariat and national potential entities, in both the public and private sectors.

## Annex 5: Initial best-practice guidelines for the selection and establishment of NDAs/focal points – roles and responsibilities of NDA

The Board decided that countries may designate an NDA, in conformity with the governing instrument, or mandate a country focal point to interact with the Fund. It further decided that countries should have flexibility in relation to the location, structure, operation and governance of NDAs/focal points.

The following guidelines serve to help countries in selecting the most appropriate institution to be designated as an NDA/focal point, with a view to ensuring the effective implementation of the Fund's activities.

### I. Mandate

The NDA/focal point is likely to be placed within a ministry or authority conversant with the country's national budget and economic policies, and the interrelation between these and the government's climate change-related priorities and development plans.

The selected institution should ideally have a mandate that enables the institution to work on and influence an appropriate combination of economic policy and development planning, with appropriate leverage over climate change, energy, sustainability and environmental resource management priorities, strategies and plans.

In cases where this combination is not possible, it is recommended that the NDA/focal point be in a position to lead and coordinate a country coordination mechanism which allows for an overview of all these sectors, as they relate to the country's climate change strategies and plans.

While undertaking the process of selection and establishment of an appropriate NDA, and setting up all its necessary institutional capacities and country coordination mechanisms, or in cases where special national circumstances so determine, countries may choose to mandate a focal point, to fulfil all functions until the NDA is established.

### II. Capacities

Ideally, the NDA/focal point should possess or attain the following, through country the coordination mechanisms and institutional networks present within the country:

- an adequate knowledge of national priorities, strategies, and plans;
- the ability to contribute to and drive national development strategies and plans;
- familiarity with both mitigation and adaptation efforts and needs in the country;
- familiarity with relevant institutions and stakeholders in the countries (including contacts with multilateral and bilateral institutions, civil society organisations, and sub-national, national or regional entities that may be potential candidates for accreditation as intermediaries or IEs);
- the capacity to facilitate and coordinate country coordination mechanisms and multi-stakeholder engagement for country consultations;
- the ability to monitor and evaluate in accordance with relevant guidelines of the Fund; and
- an overview of the activities of other relevant multilateral, bilateral, regional and global funding mechanisms and institutions working in the country.

The NDA/focal point should be able to a) maintain regular communication (in English) with the secretariat through Internet-based correspondence, b) facilitate country visits and meetings with Fund officials, and c) provide written communication as required.

The NDA/focal point should also be able to disseminate in local languages the key operational procedures of the Fund, including its environmental and social safeguards and no-objection procedure.

The NDA/focal point should retain an overview of all funding proposals relating to the country and facilitate available information on the projects and programmes through appropriate media and relevant networks, including in local languages.

They should also be familiar with multilateral finance procedures and be able to interact with private sector actors in the country.

### III. Authority

The legal authority for the NDA/focal point with signing capacity should be at a senior level with the

authority to oversee the capacities outlined in Section II. They should aim to have a team responsible for coordinating and driving communication with the Fund and managing operational activities.

The NDA/focal point should lead the country's efforts to prepare the country's country programme.

#### **IV. Position relative to designated authorities/focal points of other funds**

In order to ensure consistency with national priorities, strategies, and plans, the NDA/focal point should have the ability to interact and coordinate with the focal points and designated authorities of other funds, if applicable and as appropriate.

The NDA/ focal point should be familiar with the operations of other funds within the country. Based on country capacities, they should drive and coordinate relevant country coordination mechanisms and multi-stakeholder engagement, as needed and appropriate. Accordingly, they should ideally be able to oversee and streamline the country's engagement with all sources of internal and external climate finance.

#### **V. Funding of NDAs**

Funding for the establishment and operation of NDAs will be determined in accordance with Board decisions on readiness and preparatory support and paragraph 40 of the Governing Instrument.

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#### **Questionnaires to assess the institutional and capacity of ERD to fulfill the roles and responsibilities of a functional and efficient NDA**

The Board decided that countries may designate an NDA, in conformity with the governing instrument, to interact with the Fund. It further decided that a country should have flexibility in relation to the location, structure, operation and governance of its NDA.

The following questions serve to assess the institutional capacity and capacity development needs of the ERD, to ensure the swift and effective implementation of GCF activities.

#### **I. ERD mandate**

Policy, strategic and regulatory capacity:

- To what extent are ERD experts conversant with Bangladesh's national budget and economic policies, and their interrelation with climate change-related priorities and development plans?
- Has the ERD been given the mandate to work on and influence an appropriate combination of economic policy and development planning, with appropriate leverage in terms of climate change, energy, sustainability and environmental resource management priorities, strategies and plans?
- If such a combination is not possible, is the ERD in a position to lead and coordinate a country coordination mechanism that allows for an overview of all these sectors as they relate to the country's climate change strategies and plans (see Figure 1 for Bangladesh GCF proposed framework).

#### **II. Capacities of ERD**

These questions will assess what capacities the ERD has attained or possesses through country coordination mechanisms and institutional networks within the country.

- Do ERD staff have adequate knowledge of national priorities, strategies, and plans?
- To what extent does the ERD have the ability to contribute to and drive national development strategies and plans?
- How familiar are ERD experts with Bangladesh's mitigation and adaptation efforts and needs?
- How familiar are ERD staff with relevant institutions and stakeholders in the countries (including contacts with multilateral and bilateral institutions, civil society organisations, and sub-national, national or regional entities that may be potential candidates for accreditation as intermediaries or IEs)?
- What capacities are in place to facilitate and coordinate country coordination mechanisms and multi-stakeholder engagement to conduct country consultations?

- Do ERD experts have the ability to conduct monitoring and evaluation in accordance with the Fund's relevant guidelines?
- Do ERD experts have an overview of the activities of other relevant multilateral, bilateral, regional and global funding mechanisms and institutions working in the country?

#### **Communication capacity**

- To what extent is ERD able to maintain regular communication with the Secretariat in English through Internet-based correspondence, to facilitate country visits and meetings with Fund officials, and to provide written communication as required?

#### **Dissemination and outreach capacity**

- To what extent is ERD able to disseminate in local languages key operational procedures of the Fund, including its environmental and social safeguards and no-objection procedure?

#### **Overview of climate activities**

- Does ERD have the capacity to capture and retain an overview of all funding proposals relating to the country, and to facilitate available information on the projects and programmes through appropriate media and relevant networks, including in local languages?
- Are ERD experts familiar with multilateral finance? Are they able to interact with private sector actors in the country?

### **III. Authority of ERD**

- Does ERD have the legal authority to approve projects or nominate entities for accessing international finance?
- What management structure will be developed for coordinating and driving communication with the GCF and managing operational activities?
- Does ERD have the capacity to lead the country's efforts to prepare the Bangladesh's country programme?

### **IV. Partnership with designated authorities/focal points of other funds**

- In order to ensure consistency and alignment with national priorities, strategies, and plans, does the ERD has the ability to interact and coordinate with the focal points and designated authorities of other funds e.g. CDM, Adaptation Fund, REDD+,

MLF, National (BCCTF) and donor climate funds (BCCRF, SPCR)?

- How familiar are ERD experts with the operations of other funds within the country?
- How capable are ERD experts of driving and coordinating relevant country coordination mechanisms and multi-stakeholder engagement?
- To what extent is ERD able to oversee and streamline the country's engagement with all sources of internal and external climate finance?

### **V. Funding of NDAs**

- What budget will be allocated for the management and operation of the NDA?
- Funding for the establishment and operation of NDAs will be determined in accordance with Board decisions on readiness and preparatory support, and paragraph 40 of the Governing Instrument.



## Annex 6: GCF Fiduciary Standards

### I. Initial basic fiduciary standards

#### 1.1 Key administrative and financial capacities

1. Underlying principles of the Fund's initial basic fiduciary standards for administrative and financial capacities are:
  - (a) Financial inputs and outputs are properly accounted for, reported, and administered transparently in accordance with pertinent regulations and laws, and with due accountability;
  - (b) Information relating to the overall administration and management of the entity is available, consistent, reliable, complete and relevant to the required fiduciary standards; and
  - (c) Operations of the entity show a track record in effectiveness and efficiency.

##### 1.1.1 General management and administrative capacities

2. Clear and formal definition of the main "corporate governance" actors of the entity and of their respective roles and responsibilities (for example, oversight authorities, audit committee, regulators, governing board, executive body, internal audit body, external audit body, etc.);
  - (a) Existence of adequate internal oversight bodies and transparent rules regarding the appointment, termination and remuneration of members of such committees;
  - (b) A consistent, clear and adequately communicated organization chart available, which describes, as a minimum, the entity's key areas of authority and responsibility, as well as well-defined reporting/delegation lines;
  - (c) A consistent and formal process to set objectives and to ensure that the chosen objectives support and align with the mission of the entity.
  - (d) Indicators to measure defined objectives and internal documents demonstrating that organization-wide objectives provide clear guidance on what the entity wants to achieve; and

- (e) A general management plan that also includes processes to monitor and report on the achievement of set objectives.

##### 1.1.2 Financial management and accounting

- (a) Financial statements follow the Generally Accepted Accounting Principles (GAAP) and are prepared in accordance with recognized accounting standards, such as the International Financial Reporting Standards (IFRS), or the International Public Sector Accounting Standards (IPSAS) in the case of public entities, or other equivalent standards;
- (b) The entity has in place a clear and complete set of financial statements that provide information on:
  - (i) A statement of assets, liabilities and fund balances (statement of financial position);
  - (ii) A statement of financial performance (income and expenses/revenue and expenditure);
  - (iii) A statement of changes in financial position or a statement of changes in reserves and fund balances;
  - (iv) A statement of cash flows;
  - (v) A description of the accounting policies used explaining the accounting framework used; and
  - (vi) Appropriate notes and disclosures in annexes to the financial statements, in particular explaining the accounting framework used, the basis of preparation of the financial statements, and the specific accounting policies that are necessary for a proper understanding of the financial statements.
- (c) Financial statements are reported periodically, consistent with previous reporting periods, and allow for comparison among reporting periods;
- (d) The entity uses accounting and financial information systems based on the accounting principles and procedures indicated in paragraph (a) above and how the accounting policies of the entity are adapted to the nature and complexity of its activities;
- (e) Transparent and consistent payment and disbursement systems are in place with documented procedures and clear allocation

of responsibilities. The entity has also legal and operational capacity to receive international payments from the Fund's Trustee and to make payments to the Fund's Trustee;

- (f) A track record in the preparation and transparent use of business plans, financial projections and budgets, and the ability to continuously monitor performance and expenditure against these; and
- (g) Resources, systems and procedures (including fiduciary accounts, as appropriate) are in place that ensure proper financial reporting over the use of funding received from the Fund.

### 1.1.3 Internal and external audit

#### A. Independent audit committee

3. An independent audit committee or comparable body is appointed and fully functional and oversees the work of the internal audit function as well as the external audit firm as it relates to the audit of financial statements, control systems and reporting.
4. The audit committee or comparable body is guided and mandated by written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.

#### B. Internal audit

5. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (as defined by the Institute of Internal Auditors).
  - (a) The internal audit function has a documented terms of reference or charter, reviewed and approved formally by senior management and the audit committee, that outlines its purpose, authorized functions and accountability;
  - (b) The internal audit function is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors or other equivalent standards;
  - (c) Auditors and/or entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and

competency, which is supported by specific legal arrangements to this effect;

- (d) The internal audit function is independent and able to perform its respective duties objectively. It is headed by an officer specially assigned to this role with due functional independence, who reports to a level of the organization that allows the internal audit activity to properly fulfil its responsibilities;
  - (e) The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the organization's goals;
  - (f) The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) ensuring proper coverage and a minimization of duplication of efforts;
  - (g) The internal audit function disseminates its findings to the corresponding senior management units and business management units, which are responsible for acting on and/or responding to recommendations;
  - (h) The internal audit function has a process in place to monitor the response to its recommendations; and
  - (i) A process is in place to monitor and assess the overall effectiveness of the internal audit functions, including periodic internal and external quality assessments.
- #### C. External audit
6. The external financial audit function ensures an independent review of financial statements and internal controls (as defined by the International Federation of Accountants (IFAC)).
    - (a) The entity has appointed an independent external audit firm or organization;
    - (b) The work of the external audit firm or organization is consistent with the recognized international auditing standards such as International Standards on Auditing (ISA), or other equivalent standards;
    - (c) In cases where the entity is subject to external audits carried out by a national audit institution or other form of public

independent inspection body, provisions should be made so that the external audits are guaranteed independence and impartiality, including through formal terms of reference, and are conducted periodically;

- (d) The entity exhibits all necessary provisions and arrangements to ensure that an annual audit opinion on the financial statements and/or, as appropriate, on all financial resources received from the Fund and administered by the entity, is issued by the external auditor and made public; and
- (e) The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Audits and management progress reports are reviewed by the audit committee or comparable body annually.

#### 1.1.4 Control framework

7. The Committee of Sponsoring Organizations (COSO) of the Treadway Commission defines internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (a) Effectiveness and efficiency of operations;
  - (b) Reliability of financial reporting;
  - (c) Compliance with applicable laws and regulations;
  - (d) A control framework that has been adopted and that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel;
  - (e) A control framework that covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing;
  - (f) A control framework that defines roles and responsibilities pertaining to the accountability of fiscal agents and fiduciary trustees;
  - (g) At the institutional level, risk-assessment processes are in place to identify, assess, analyse and provide a basis for proactive

risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent;

- (h) The control framework guides the financial management framework;
- (i) Procedures are in place for identifying internal controls and assessing the details of the controls annually in core financial management areas, including:
  - (i) Budgeting;
  - (ii) Accounting;
  - (iii) Internal control;
  - (iv) Funds flow (including disbursements, cash management, unused fund close-out);
  - (v) Financial reporting; and
  - (vi) Auditing arrangements;
- (j) Provisions for regular oversight of the procurement function with consistent monitoring and follow-up on review reports evidence that a risk management process exists and allows management to identify, assess and address existing or potential issues that may hamper the achievement of the entity's objectives; and
- (k) Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between settlement processing, procurement processing, risk management/reconciliations, and accounting.

#### 1.1.5 Procurement

8. Procurement processes in the applicant entity cover regular procurement relating to the general operations of the entity as well as procurement in the context of the implementation and execution of funding proposals approved by the Fund. These should include formal standards, guidelines and systems based on widely recognized processes and an internal control framework to ensure fair and transparent procurement processes.
  - (a) Formal internal guidelines and a procurement policy that promote economy and efficiency

in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions;

- (b) Specific procurement guidelines are in place with respect to different types of procurement managed by the entity, such as consultants, contractors and service providers;
- (c) Specific procedures, guidelines and methodologies as well as adequate organizational resources for overseeing, assessing and reviewing the procurement procedures of beneficiary institutions, executing entities or project sponsors are in place;
- (d) Procurement performance in the implementation of Fund's approved funding proposals is monitored at periodic intervals, and there are processes in place requiring a response when issues are identified;
- (e) Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed;
- (f) Evidence of transparent and fair procurement policies and procedures that are consistent with recognized international practice, including such provisions and practices as:
  - (i) Non-discrimination and equal treatment of candidates;
  - (ii) Dispute resolution procedures;
  - (iii) Obligation to use and adherence to tendering procedures;
  - (iv) Best value for money; and
  - (v) Adequate ex-post communication and publication of beneficiaries.

### **1.2 Transparency and accountability**

9. Underlying principles are:
  - (a) Protection and commitment against mismanagement and fraudulent, corrupt and wasteful practices;
  - (b) Disclosure of any form of conflict of interest (actual, potential or perceived); and
  - (c) Code of ethics, policies and culture that drive and promote full transparency and accountability.

10. Transparency and accountability are to be demonstrated through an effective combination of fully functional policies, procedures, systems and approaches. The following standards outline the key standards to demonstrate fiduciary alignment with the above principles.

#### **1.2.1 Code of ethics**

- (a) The organization has in place either a documented code of ethics that defines ethical standards to be upheld, listing the parties required to adhere to the standards, including employees, consultants, and independent experts; or alternatively, a set of clear and formal management policies and provisions are in place to define expected ethical behaviour by all individuals contracted or functionally related to the organization;
- (b) All individuals with a functional and/or contractual relationship to the organization are made aware of such codes of ethics or policies/provisions as appropriate; and
- (c) The organization has in place an ethics committee or has allocated such functions to other relevant instances within the organization.

#### **1.2.2 Disclosure of conflict of interest**

- (a) The organization has a disclosure policy, or equivalent administrative provisions to this effect, that establishes the necessary mandatory financial disclosures of possible, actual, perceived or apparent conflicts of interest by identified parties as appropriate; and
- (b) The policy, or equivalent administrative provisions, specifies prohibited personal financial interests and describes the principles under which conflicts of interests are reviewed and resolved. It should also describe sanction measures for parties that do not disclose such conflicts on a proactive basis where a conflict of interest is identified.

#### **1.2.3 Capacity to prevent or deal with financial mismanagement and other forms of malpractice**

- (a) Demonstrated experience and track record in accessing financial resources from national and international sources, as appropriate;
- (b) Evidence of tone or statement from the governing bodies or senior management of the organization emphasizing a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants,

contractors, or from any other relevant party associated directly or indirectly with the general operations of the entity, and particularly in relation to the implementation of approved funding proposals;

- (c) Avenues and tools for reporting suspected ethics violations, misconduct, and any kind of malpractice, which should be complemented by provisions and mechanisms protecting whistleblowers and individuals reporting such violations;
- (d) Evidence of an objective investigation function for allegations of fraud and corruption, which includes procedures in the organization to process cases of fraud and mismanagement, undertake necessary investigative activities and generate periodic reports for information and follow-up by the ethics function; and
- (e) General management policies promote an organizational culture that is conducive to fairness, accountability and full transparency across the organization's activities and operations.

#### 1.2.4 Investigation function

- 11. The investigation function provides for the independent and objective investigation of allegations of fraudulent and corrupt practices (using widely recognized definitions such as those agreed by the International Financial Institutions Anti-Corruption Task Force) in all operations of the entity as well as allegations of possible entity staff misconduct.
  - (a) The investigation function has publicly available terms of reference that outline the purpose, authority and accountability of the function. This function may be assigned to a dedicated organizational component within the entity's structure or to another appropriate element of the organization;
  - (b) To ensure functional independence, the investigations function is headed by an officer who reports to a level of the organization that allows the investigation function to fulfil its responsibilities objectively;
  - (c) The investigation function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process; and

- (d) The investigation function has a defined process for periodically reporting case trends. To enhance accountability and transparency, case trend reports and other information are made available to senior management and relevant business functions to the extent possible.

#### 1.2.5 Anti-money laundering and anti-terrorist financing

##### II. Initial specialized fiduciary standards

- 12. The Fund's specialized fiduciary criteria refer to institutional capacities that will qualify the applicant entities to undertake specialized activities depending on the nature and scope of their mandate within the Fund's operations.

#### 2.1 Initial specialized fiduciary standards relating to project management

- 13. The underlying principles are:
  - (a) Ability to identify, formulate and appraise projects or programmes
  - (b) Competency to manage or oversee the execution of approved funding proposals, including the ability to manage executing entities or project sponsors and to support project delivery and implementation;
  - (c) Capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal;

##### 2.1.1 Project preparation and appraisal

- (a) Track record of capability and experience (including appropriate tendering procedures for project proposals) in the identification and design of projects or programmes within the respective jurisdiction (subnational, national, regional or international, as applicable);
- (b) Capacity to clearly state project objectives and outcomes in preparing funding proposals and to incorporate key performance indicators with baselines and targets into the project design;
- (c) Ability to examine and incorporate technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, and relevant assessments thereof, into the funding proposal at the appraisal stage; and
- (d) Appropriate fiduciary oversight procedures are in place to guide the appraisal process and ensure

its quality and monitoring of follow-up actions during implementation.

### 2.1.2 Project oversight and control

- (a) Operational systems, procedures and overall capacity to consistently prepare project implementation plans, including project budgets, reporting guidelines and templates to be used by executing entities or project sponsors;
- (b) Operational capacity and organizational arrangements to continuously oversee the implementation of the approved funding proposal in order to regularly assess project expenditure against project budget as well as to monitor and identify opportunities for improving project performance against its budget and timelines;
- (c) Appropriate reporting capabilities and capacities to appropriately publish implementation reports; and
- (d) Operational systems and overall capacity to conduct necessary activities relating to project closure, including due reporting on results achieved, lessons learned and recommendations for improvement, as well as capacity to disseminate results and make key findings publicly available.

### 2.1.3 Monitoring and evaluation

14. The monitoring function detects, assesses, and provides management information about risks relating to projects, particularly those deemed to be at risk.
15. The evaluation function assesses the extent to which projects, programmes, strategies, policies, sectors or other activities achieve their objectives and contribute to the initial results areas of the Fund. The goal of evaluation is to provide an objective basis for assessing results, to provide accountability in the achievement of objectives, and to learn from experience (and to detect any deviation from project planning in the early stages).

#### A. Monitoring

- (a) Operational and organizational resources are available to implement monitoring functions, policies and procedures consistent with the requirements of the Fund's monitoring and evaluation guidelines;
- (b) The roles and responsibilities of the monitoring function are clearly articulated at both the project and entity/portfolio levels. The monitoring

function at the entity/portfolio level is separated from the project origination and supervision functions;

Tools for reporting on project monitoring are available and monitoring results are periodically published.

#### B. Evaluation

- (a) Independent evaluations are undertaken by an established body or function as part of a systematic programme of assessing results, consistent with relevant requirements and related Fund policies;
- (b) The evaluation function follows impartial, widely recognized, documented and professional standards and methods;
- (c) The evaluation body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the entity, ideally reporting directly to the board of directors or comparable body. If its structural independence is limited, the evaluation body or function has provisions that ensure transparent reporting to senior management;
- (d) An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, at a minimum to all parties directly or indirectly involved in the project or programme. To enhance transparency, reports are available publicly to the extent possible.

### 2.1.4 Project-at-risk systems and related project risk management capabilities

- (a) A process or system, such as a project-at-risk system, is in place to flag early on when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems;
- (b) Availability of an independent risk management function differentiated from project implementation and project supervision responsibilities;
- (c) Risk assessment:
  - (i) Demonstrated capabilities to undertake the assessment of financial, economic, political and regulatory risks during the implementation stages; and
  - (ii) Demonstrated ability to integrate risk mitigation and management strategies into the funding proposal at all levels listed

above, and to exercise such strategies during the implementation stage.

## 2.2 Grant award mechanisms

### 2.2.1 Transparent eligibility criteria and evaluation

- (a) The grant award mechanism is organized in a fully transparent manner that guarantees impartiality and equal treatment to all applicants;
- (b) The evaluation process is based solely on the criteria for exclusion, eligibility, selection and award pre-announced in the call for proposals;
- (c) Eligibility evaluation performed on the basis of the criteria stated in the call for proposals;
- (d) All stages are formally documented through standardized checklists and forms;
- (e) There is an evaluation committee that:
  - (i) Evaluates the applications to make a recommendation for award and rejections in accordance with the pre-announced criteria; and
  - (ii) Works in accordance with the formal rules of procedure.

### 2.2.2 Grant award decision and procedures

- (a) The grant award decision is taken by the person or body who is legally authorized to sign grant agreements on behalf of the awarding body;
- (b) The grant award decision is based on the grant award proposal prepared by the evaluation committee;
- (c) If the grant award does not follow evaluation committee's recommendation, the departing decision is adequately justified and documented;
- (d) The grant decision states the following:
  - (i) Subject and overall amount of decision;
  - (ii) Name of beneficiaries, title of granted activity, grant amount awarded, and the reason(s) for this choice; and
  - (iii) Name(s) of application(s) rejected and reason for their rejection(s).
- (e) Checks have been undertaken to guarantee that one and the same activity only results in the award of one grant to any one beneficiary;
- (f) No grant is awarded retrospectively for activities already started or completed at the time of the application;

- (g) All applicants are notified in writing of grant award outcome; and
- (h) Rejected applications result in rejected applicants receiving reason(s) for rejection with reference to the pre-announced criteria;

### 2.2.3 Public access to information on beneficiaries and results

- (a) Grant-awarding entity makes the grant award results public;
- (b) Results made public within a reasonable timeframe following the grant award decision;
- (c) The following information should be included (at a minimum):
  - (i) Name, address and nationality of the beneficiary;
  - (ii) Purpose of the grant; and
  - (iii) Grant amount awarded and, where applicable, the maximum co-financing rate of the cost.

### 2.2.4 Transparent allocation and implementation of financial resources

- (a) There is a system in place to provide assurance on the reality and eligibility of activities to be carried out with the grant award as well as the legality of the underlying operations;
- (b) There is a system in place to recover funds unduly paid;
- (c) There is a system in place to prevent irregularities and fraud;
- (d) The grant-awarding entity monitors the implementation of funded programme activities and supports beneficiaries through counselling and advice;
- (e) There are sufficient possibilities for the beneficiary to contact the grant-awarding entity;
- (f) The grant-awarding entity carries out on-site visits to monitor the implementation of individual projects;
- (g) Those on-site visits are used to support the beneficiary, gather and disseminate best practices and establish/maintain good relations between the awarding entity and the beneficiary entity;
- (h) There are clear procedures about procurement rules the grant beneficiary is required to apply, if any;

- (i) The amount of the grant is finalized only after the grant-accepting entity has accepted the final report and accounts;
- (j) There are procedures in place for the suspension, reduction, or termination of the grant if the beneficiary fails to comply with its obligations.

### 2.2.5 Good standing with regard to multilateral funding

## 2.3 On-lending and/or blending

16. Additional specialized criteria for on-lending and blending will apply for intermediaries and IEs that wish to use those financial instruments with the Fund's resources. The following list suggests possible on-lending and blending capacities for consideration during the accreditation process:

- (a) Appropriate registration and/or license from a financial oversight body or regulator in the country and/or internationally, as applicable;
- (b) Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;
- (c) The creditworthiness of the institution making on-lending or blending arrangements;
- (d) Due diligence policies, processes and procedures in place;
- (e) Financial resources management, including analysis of lending portfolio of the intermediary;
- (f) Public access to information on beneficiaries and results;
- (g) Investment management, policies and systems, including in relation to portfolio management;
- (h) Capacity to channel funds transparently and effectively, and to transfer the Fund's funding advantages to final beneficiaries;
- (i) Financial risk management, including asset liability management;
- (j) Governance and organizational arrangements, including relationships between the entity's treasury function and the operational side;
- (k) For intermediaries or IEs that blend grant awards:
  - (l) There are clear procedures about the grant award rules that the implementing partner is required to apply; or
  - (m) If the intermediary or IE uses its own rules, the minimum requirements are satisfactory.



## Annex 7: GCF Environmental and social safeguard and gender requirements

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

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

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

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

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

### Funding proposals should fit into one of the following categories:

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

## WHAT ENVIRONMENTAL AND SOCIAL STANDARDS DOES THE POLICY (OR EQUIVALENT) NEED TO UPHOLD?

The standards that the GCF asks institutions to commit to in their policies are provided in the IFC's Performance Standards. Some highlights from each standard are provided below. Additional information on these standards can be found in the following documents, all of which can be found on the IFC's website ([www.ifc.org](http://www.ifc.org)):

- IFC Performance Standards on Environmental and Social Sustainability (2012)
- International Finance Corporation's Guidance Notes: Performance Standards on Environmental and Social Sustainability (2012)
- World Bank Group Environment, Health and Safety Guidelines

Note that institutions do not necessarily need to be able to show that their policy (or equivalent) meets all of the elements of the IFC Performance Standards. Institutions can indicate that they do not intend to implement projects that trigger a particular standard. (For example, they may indicate that they do not intend to implement any activities that would result in land acquisition or involuntary resettlement.) In such cases the institution may not need to show that it has policies relevant to those types of activities.

### PS 2: Labor and Working Conditions

This Performance Standard asks institutions to:

- a. Provide workers with clear and understandable information on their rights, including those related to hours of work, compensation, and benefits.
- b. Provide safe and healthy working conditions, taking into account inherent risks in the sector.
- c. Not discriminate but instead hire, compensate, manage and lay off employees based on the principle of equal opportunity and fair treatment.
- d. Not restrict workers from joining or forming workers' organizations or bargaining collectively, nor retaliate against workers who organize.
- e. Create effective grievance mechanisms for employees.

- f. Not employ children (under 18) in any manner that is economically exploitative or harmful to the child's health, education or social development.

### PS 3: Resource Efficiency and Pollution Prevention

This Performance Standard asks institutions to:

- a. Avoid the release of air, water and land pollutants or, when avoidance is not feasible, minimize and/or control project-related pollution.
- b. Avoid the generation of waste (both hazardous and non-hazardous), or where unavoidable, minimize and appropriately dispose of waste.
- c. Replace hazardous materials with safer substances where feasible, and avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs.
- d. Use integrated pest management and integrated vector management approaches to reduce the risks of pesticide use.
- e. Efficiently use natural resources, including energy and water.
- f. Account annually for GHG emissions for all projects anticipated to release over 25,000 tons of CO<sub>2</sub> equivalent emissions.
- g. Make an effort to reduce GHG emissions.

### PS 4: Community Health, Safety and Security

This Performance Standard asks institutions to:

- a. Assess and avoid (or if unavoidable, mitigate) adverse impacts on the health and safety of the affected community over the life of the project.
- b. Assess and avoid, if possible, project impacts on ecosystem services (such as loss of buffer areas like mangrove forests or resources like freshwater) on which communities depend.
- c. Avoid or minimize the potential for community exposure to diseases, including from hazardous waste, taking into consideration the higher sensitivity of certain vulnerable groups.

- d. Assess safety risks that the project poses towards local communities and create a system to respond to emergency situations (including both project accidents and natural hazards).
- e. Assess and mitigate risks posed by a project's security arrangements, such as use of private security, police or military personnel.
- f. Investigate all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and report unlawful and abusive acts to public authorities.

#### **PS 5: Land Acquisition and Involuntary Resettlement**

This Performance Standard asks institutions to:

- a. Avoid forced evictions, including the use of coercion and manipulation of communities.
- b. Avoid and/or minimize physical displacement (moving people off land that they inhabit) and economic displacement (restricting people's access to use of land and/or natural resources).
- c. Engage with affected communities throughout the resettlement process, including through the provision of a grievance mechanism for affected communities, beginning early in the project development phase.
- d. Provide all displaced persons with fair and equitable compensation, such as replacement land, cash or in-kind replacement of lost assets, and restored access to natural resources.
- e. Improve or restore the livelihoods and standards of living of those people who are displaced.
- f. For people with a legal right to the land, offer the choice of replacement property of equal or higher value and security of tenure, or (if land is not possible) cash compensation.
- g. For people without formal land rights recognized by the government, offer adequate housing options with secure tenure and compensation for lost assets, such as buildings.

#### **PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This Performance Standard asks institutions to:

- a. Assess and avoid impacts on biodiversity and ecosystem services if possible, and otherwise implement measures to minimize and restore any impacts.
- b. Apply protection measures to all impacted areas that have significant biodiversity value, even if they are habitats that have been modified by human activity.
- c. Assess the ecosystem services that the project is likely to impact and/or that the project will rely on, and avoid, minimize or mitigate any negative effects, including from alien species.
- d. Not significantly convert or degrade "natural habitat" unless:
  - There are no other feasible options,
  - Stakeholders have been consulted, and
  - Mitigation measures are in place to achieve no net loss of biodiversity.
- e. Not implement activities in "critical habitat" unless:
  - There is no other alternative,
  - The activities does not lead to measurable negative impacts on key biodiversity and ecological processes or a net reduction in endangered species, and
  - A monitoring plan is put in place.
- f. Not implement activities in legally protected or internationally recognized areas unless:
  - The activity is legally permitted,
  - Adequate stakeholder participation is implemented, and
  - Efforts are taken to enhance conservation in the area.
- g. Ensure that activities involving the production of living natural resources (e.g. forestry, agriculture) adhere to relevant globally, regionally, or nationally recognized standards of sustainable management.

- h. Monitor the institution's primary supply chains to ensure that they are not contributing to the conversion of natural or critical habitats.

### PS 7: Indigenous Peoples

The term "indigenous" is used here to refer to certain marginalized people that often have these characteristics:

- Self-identification;
- Collective attachment to geographically distinct habitats or territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect.

This Performance Standard asks institutions to:

- a. Identify indigenous peoples (IPs) that may be affected by the project and the nature of that impact (economic, social, environmental etc.).
- b. Avoid negative impacts on IPs where possible, and otherwise minimize, restore or compensate for these impacts in a culturally sensitive manner.
- c. Design all measures related to IPs with their informed consultation and participation throughout the life of the project.
- d. Not develop a project on land that is traditionally owned or used by IPs unless the risks are thoroughly assessed, IPs are informed of their rights, IPs continue to have access to resources if possible, appropriate compensation is offered, and IPs are offered a fair and equitable sharing of project benefits.
- e. Not relocate Indigenous Peoples from land or natural resources that they have traditionally owned or used unless their free, prior and informed consent is first obtained.
- f. Not significantly impact critical cultural heritage unless free, prior and informed consent is first obtained from affected IPs.
- g. Not use the traditional knowledge or cultural heritage of IPs for commercial purposes without first obtaining their free, prior and informed consent and providing fair benefit sharing arrangements.

### PS 8: Cultural Heritage

This Performance Standard asks institutions to:

- a. Identify and avoid significant adverse impacts on tangible cultural heritage (like archaeological or historical sites) or unique natural features that embody cultural values (like sacred rocks or waterfalls).
- b. Consult with affected communities and relevant government agencies in order to identify cultural heritage of importance.
- c. Put in place a system for protecting cultural heritage that is discovered during project implementation (so-called "chance find" procedures).
- d. Maintain community access to cultural heritage sites located on the project site.
- e. Not remove, significantly alter, or damage critical cultural heritage (such as internationally recognized or legally protected heritage sites), except in exceptional circumstances and in collaboration with affected communities.
- f. Use intangible cultural heritage (like knowledge, innovations, or practices) for commercial purposes only in collaboration with relevant communities.

### Gender policy

The application should also demonstrate specific competencies in relation to the Fund's gender policy:

- a) competencies, policies and procedures to implement the Fund's gender policy, and
- b) experience in gender and climate change, including a track record of lending to both women and men.

Or, as an alternative to both criteria:

- c) demonstrate willingness to acquire or develop the needed competencies, policies and procedures for gender-sensitive project preparation, design, implementation, and reporting.



## Annex 8: GCF investment framework (Source: GCF GCF/B.07/06)

### The Fund's Six Investment Criteria

### “IPSCEN” Compliance

#### IMPACT POTENTIAL

I

Potential of the programme/project to contribute to the Fund's objectives to shift towards low-emission and climate-resilient sustainable development.

#### PARADIGM SHIFT POTENTIAL

P

Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment. How scalable and replicable is the project? How innovative and transformative is it?

#### SUSTAINABLE DEVELOPMENT POTENTIAL

S

Wider benefits and priorities. Will the project/programme deliver meaningful environmental, social, and economic co-benefits and have a gender-sensitive development impact?

#### COUNTRY OWNERSHIP

C

Beneficiary country ownership of and capacity to implement a funded project. How well does the project fit within the beneficiary country's existing policies, climate strategies and institutions?

#### EFFICIENCY AND EFFECTIVENESS

E

Economic and, if appropriate, financial soundness of the project. For mitigation-specific projects, how cost-effective is it and how much co-financing will it bring? (Minimum concessionality test)

#### NEEDS OF THE RECIPIENT

N

Vulnerability and financing needs of the beneficiary country. To what extent does the project address vulnerable groups, barriers to financing and level of exposure to climate risks within the country?

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

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
<b>Impact potential</b>	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact	Contribution to the shift to low-emission sustainable development pathways	<p>Expected tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq) to be reduced or avoided (PMF-M Core 1)<sup>2</sup></p> <p>Degree to which activity avoids lock-in of long-lived, high-emission infrastructure</p> <p>Expected increase in the number of households with access to low-emission energy</p> <p>Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers</p> <p>Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated</p> <p>Expected increase in the number of small, medium and large low emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity</p> <p>Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s))</p> <p>Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s))</p> <p>Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicator(s))</p> <p>Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or</p> <p>Other relevant indicative assessment factors, taking into account the Fund's objectives, p</p>
		Adaptation impact	Contribution to increased climate-resilient sustainable development	<p>Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups</p> <p>Degree to which the activity avoids lock-in of long-lived, climate vulnerable infrastructure</p> <p>Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most vulnerable population groups and applying a gender-sensitive approach</p> <p>Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s))</p> <p>Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s))</p> <p>Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s))</p>

				<p>Expected strengthening of awareness of climate threats and risk reduction processes (PMF-A 8.0 and related indicator(s)); and/or</p> <p>Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis</p>
<b>Paradigm shift potential</b>	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only)	<p><b>Innovation</b></p> <p>Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees Celsius</p> <p>Potential for expanding the scale and impact of the proposed programme or project (scalability)</p> <p>Potential for exporting key structural elements of the proposed programme or project elsewhere within the same sector as well as to other sectors, regions or countries (replicability)</p>	<p>Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes</p> <p>Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through:</p> <p>A theory of change for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation</p> <p>A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries</p>
		Potential for knowledge and learning	Contribution to the creation or strengthening of knowledge, collective learning processes, or institutions	Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects
		Contribution to the creation of an enabling environment	<p>Sustainability of outcomes and results beyond completion of the intervention</p> <p>Market development and transformation</p>	<p>Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention</p> <p>Extent to which the project/programme creates new markets and business activities at the local, national or international levels</p> <p>Degree to which the activity will change incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions</p> <p>Degree to which the proposed activities help to overcome systematic barriers to low-carbon development to catalyse impact beyond the scope of the project or programme</p>



		Contribution to the regulatory framework and policies	Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development	<p>Degree to which the project or programme advances the national/local regulatory or legal frameworks to systemically promote investment in low-emission or climate-resilient development</p> <p>Degree to which the activity shifts incentives in favour of low-carbon and/or climate-resilient development or promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes at national, regional and local levels, including private-sector decision-making</p>
		Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans (adaptation only)	<p>Potential for expanding the proposal's impact without equally increasing its cost base (scalability)</p> <p>Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)</p>	<p>Scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation</p> <p>A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries</p> <p>Degree to which the programme or project reduces proposed risks of investment in technologies and strategies that promote climate resilience in developing countries</p>
<b>Sustainable development potential</b>	Wider benefits and priorities	Environmental cobenefits	Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc.
		Social co-benefits	Expected positive social and health impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate	Potential for externalities in the form of expected improvements, for women and men as relevant, in areas such as health and safety, access to education, improved regulation and/or cultural preservation
		Economic cobenefits	Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation and poverty alleviation for women and men, increased and/or expanded involvement of local industries; increased collaboration between industry and academia; growth of private funds attracted; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity; contribution to an increase in energy security; change in water supply and agricultural productivity in targeted areas, etc.

		Gender-sensitive development impact	Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes	Explanation of how the project activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks
<b>Needs of the recipient</b>	Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country (adaptation only)	Scale and intensity of exposure of people, and/or social or economic assets or capital, to risks derived from climate change	Intensity of exposure to climate risks and the degree of vulnerability, including exposure to slow onset events  Size of population and/or social or economic assets or capital of the country exposed to climate change risks and impacts
		Vulnerable groups and gender aspects (adaptation only)	Comparably high vulnerability of the beneficiary groups	Proposed project/programme supports groups that are identified as particularly vulnerable in national climate or development strategies, with relevant sex disaggregation
		Economic and social development level of the country and the affected population	Level of social and economic development of the country and target population	Level of social and economic development (including income level) of the country and target population (e.g. minorities, disabled, elderly, children, female heads of households, indigenous peoples, etc.)
		Absence of alternative sources of financing	Opportunities for the Fund to overcome specific barriers to financing	Explanation of the existing barriers that create absence of alternative sources of financing and how they will be addressed
		Need for strengthening institutions and implementation capacity	Opportunities to strengthen institutional and implementation capacity in relevant institutions in the context of the proposal	Potential of the proposed programme or project to strengthen institutional and implementation capacity
<b>Country ownership</b>	Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions)	Existence of a national climate strategy	Objectives are in line with priorities in the country's national climate strategy	Programme or project contributes to country's priorities for lowemission and climate-resilient development as identified in national climate strategies or plans, such as nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) or equivalent, and demonstrates alignment with technology needs assessments (TNAs), as appropriate
		Coherence with existing policies	Proposed activity is designed in cognizance of other country policies	Degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes
		Capacity of accredited entities or executing entities to deliver	Experience and track record of the Accredited Entity or executing entities in key elements of the proposed activity	Proponent demonstrates a consistent track record and relevant experience and expertise in similar or relevant circumstances as described in the proposed project/programme (e.g. sector, type of intervention, technology, etc.)

		Engagement with civil society organizations and other relevant stakeholders	Stakeholder consultations and engagement	Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular attention being paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the Fund's environmental and social safeguards and stakeholder consultation guidelines. The proposal places decision-making responsibility with in-country institutions and uses domestic systems to ensure accountability
<b>Efficiency and effectiveness</b>	Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non-financial aspects	Financial adequacy and appropriateness of concessionality	Proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers
			Cost-effectiveness (mitigation only)	Demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable  Demonstration that the Fund's support for the programme/project will not crowd out private and other public investment Estimated cost per t CO <sub>2</sub> eq (PMF-M Core 2) as defined as total investment cost/ expected lifetime emission reductions, and relative to comparable opportunities
	Amount of cofinancing	Potential to catalyse and/or leverage investment (mitigation only)	Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3)  Co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme)  Potential to catalyse private- and public-sector investment, assessed in the context of performance on industry best practices  Expected indirect/long-term low-emission investment mobilized as a result of the implementation of activity	
	Programme/project financial viability and other financial indicators	Expected economic and financial internal rate of return Financial viability in the long run	Economic and financial rate of return with and without the Fund's support (i.e. hurdle rate of return or other appropriate/relevant thresholds)  Description of financial soundness in the long term (beyond the Fund's intervention)	
Industry best practices	Application of best practices and degree of innovation	Explanations of how best available technologies and/or best practices, including those of indigenous peoples and local communities, are considered and applied  If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices		

## Annex 9: GCF project cycle and proposal template

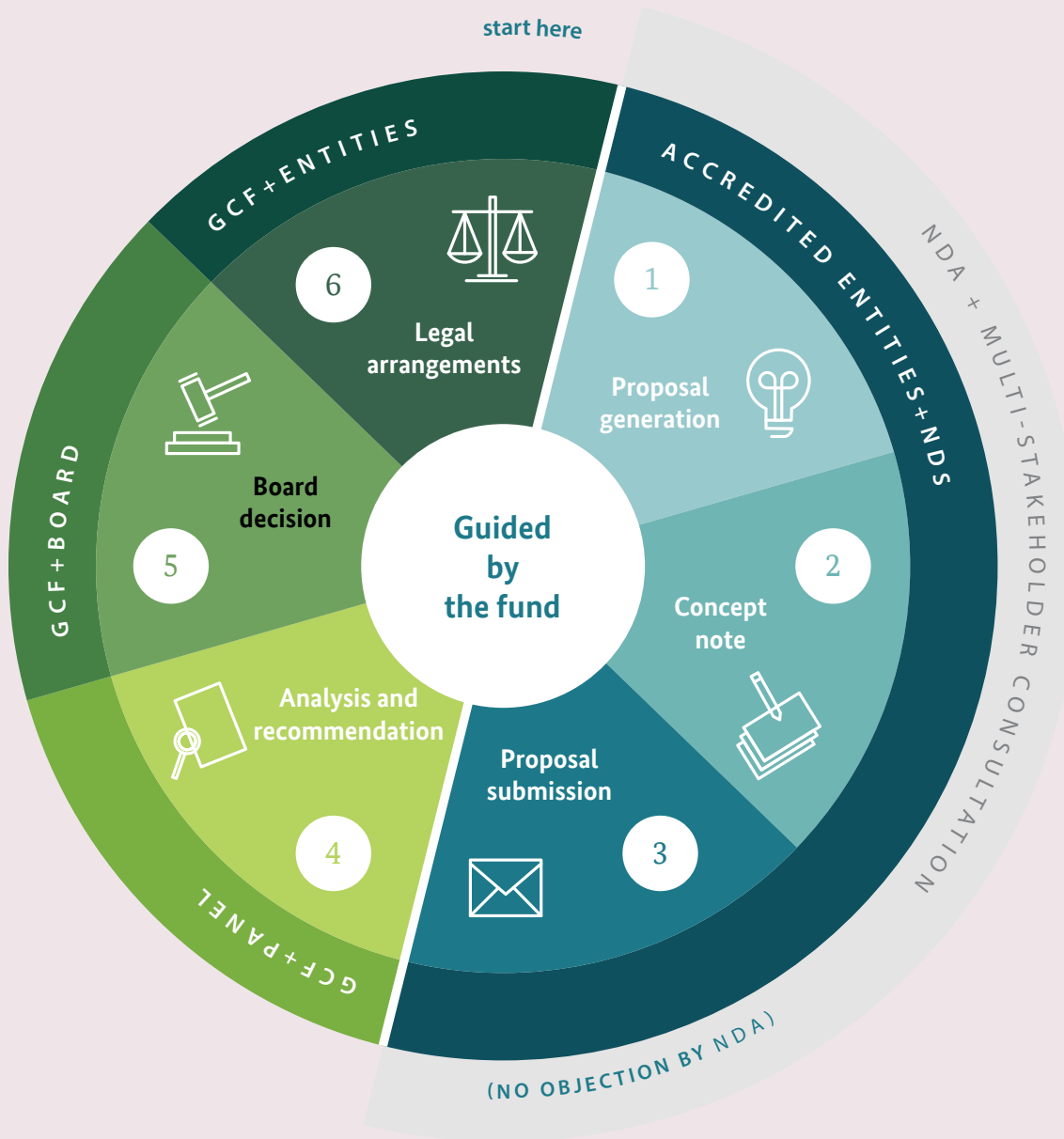
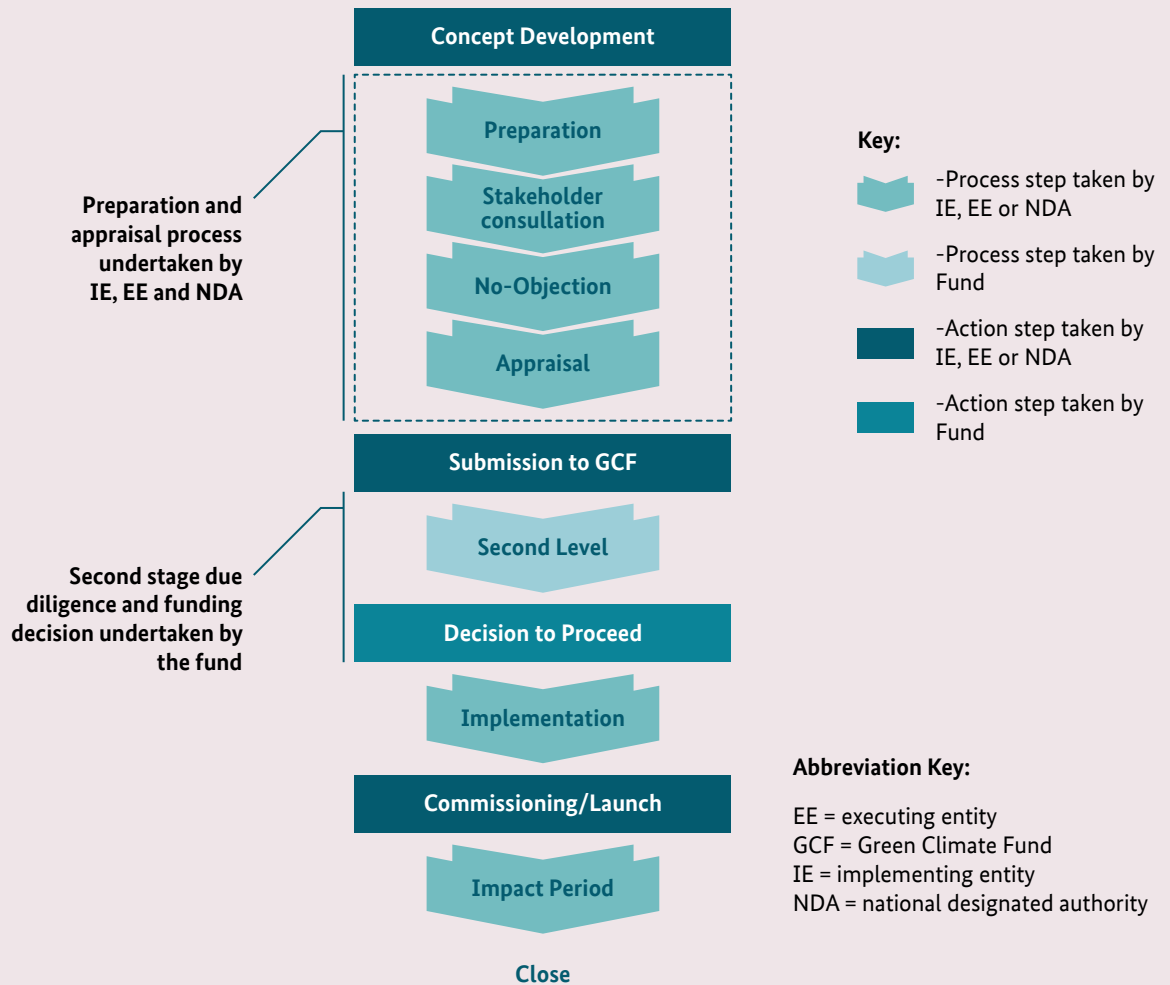


Figure 3: GCF project cycle



**GCF proposal template**

**A. Programme summary**

- Problem statement
- Solution statement
- Cost-effectiveness and financial instruments proposed
- Economic, social and environmental benefits of the interventions

**B. Financing/cost information**

- An integrated financial model will be developed to include a projection of revenue, operation and maintenance costs, and profit/loss covering the period from financial closure through to final maturity of the proposed programme GCF financing with detailed assumptions and rationale. A sensitivity analysis of critical elements of the forestry programme will be included.
- Justification will be proposed for the choice of financial instrument, e.g. i) senior loans, ii) subordinated loans, iii) equity, iv) guarantees, v) reimbursable grants, and vi) grants, for overcoming policy/regulatory, technical, financial and social barriers and to achieve project objectives, and how public and/or private finance can be leveraged, blended and sequenced with GCF financing.
- A breakdown of cost estimates analysed for sub-components in local and foreign currency and a currency hedging mechanism must be included.

### C. Detailed programme description

Alignment with the Sixth 5 Year Plan, NSDS and BCCSAP.

### D. Rationale for GCF involvement

This puts forward the case as to why GCF resources are needed and what incremental value these programmes will add in contributing towards the GCF thematic areas, and BCCSAP and NSDS goals.

### E. Expected performance against GCF investment criteria

Key issues needing to be addressed to meet GCF investment criteria						
Pipeline of bankable project/ programme based on BCCSAP	1. Impact/result potential	2. Paradigm shift potential	3. Needs of the beneficiary country/alternative funding sources	4. Country ownership and institutional capacity	5. Economic efficiency	6. Financial viability (for revenue-generating activities)
Thematic areas	Potential of the programme to contribute to the achievement of the Fund's objectives and results areas	Degree to which the Fund can achieve sustainable development impact beyond a one-off programme investment through replicability and scalability. Systemic change towards low-carbon and climate-resilient development pathways as envisioned in the BCCSAP and Sixth 5 Year Plan	Financing needs of Bangladesh and available of alternative funding sources (e.g. BCCTF, BCCRF, SPCR)	Bangladesh ownership of and capacity to implement a funded programme (policies, climate strategies and institutions)	Benefit-cost ratio of activity: impact per USD delivered by the Fund	Financial soundness and sustainability of programme beyond GCF resources
	<ul style="list-style-type: none"> <li>- Is there enough absorptive capacity at the national and sub-national levels?</li> <li>- Is there enough appetite for implementation after GCF funding approval?</li> </ul>	<ul style="list-style-type: none"> <li>- How transformative will the programme be?</li> <li>- How can the viable programme be scaled-up within the community?</li> <li>- How can the viable programme be replicated across the nation?</li> </ul>	<ul style="list-style-type: none"> <li>- Without GCF resources, it is likely the sector will remain under the 'business as usual' GHG trajectory</li> <li>- Bangladesh will not be in a position to invest in innovative viable business</li> </ul>	<ul style="list-style-type: none"> <li>- Bangladesh has strong political will and buy-in; BCCSAP will drive the agenda forward</li> </ul>	<ul style="list-style-type: none"> <li>- Examples of key indicators to monitor and use for evaluating the impact and cost-effectiveness of the forestry programme will be:               <ul style="list-style-type: none"> <li>- USD per tCO<sub>2e</sub> saved from carbon sequestration and tCO<sub>2e</sub> avoided from efficient technology</li> <li>- MTs of non-renewable fuel wood saved per year</li> <li>- Number of households with improved income and improved health form reduced indoor air pollution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- How viable are the interventions?</li> <li>- What are the revenues, operation and maintenance cost?</li> <li>- What does the balance sheet looks like, e.g. EIRR (optimising public good) vs. FIRR (optimising private goods)?</li> <li>- Who are the value chain actors in the sector?</li> <li>- How can the value chain actors be fully capacitated and incentivised?</li> </ul>

- Number of local green employment opportunities generated
- Volume of private sector investment in the forestry sector
- What capacity development is needed - technical and business capacity and skills, enhancing business resilience?
- Will value chain actors have access to competitive financial products and services with good repayment and interest rate?
- What is the exit strategy?
- What are the key success factors?
- How can it be ensured that the interventions are developed as inclusive business – what are the roles of women and unemployed youth?

### F. Programme appraisal summary

The programme will be monitored and evaluated on a) the indicators identified and b) its cost-effectiveness. Key economic, financial, carbon and social indicators will be identified to monitor and use for evaluating the impact and cost-effectiveness of the programme.

### G. Risk assessment and management

The following table will be developed to assess the risks and their mitigation strategies.

Table 3: Programme risks and mitigation measures			
Type	Level	Risk	Mitigation strategies
Policy and legislative risk	High/Medium/Low	•	
Technical risk	High/Medium/Low	•	
Economic and political risk	High/Medium/Low	•	
Financial risk	High/Medium/Low	•	
Marketing/distribution risk	High/Medium/Low		
Information risk	High/Medium/Low		

### H. Results monitoring and reporting

The programme will be monitored using the indicators proposed in (F) above.

## Annex 10: Initial no-objection procedure

### I. Purpose

The purpose of the no-objection procedure is to ensure consistency with national climate strategies, plans and country-driven approaches, and to provide for effective public and private sector financing (both direct and indirect) by the GCF. No-objection is a condition for approval of all funding proposals submitted to the Fund. It should be provided to the Secretariat in conjunction with any submission of a funding proposal seeking GCF funding.

In the case of applications for accreditation by sub-national, national and regional IEs and intermediaries, the NDA/focal point will facilitate the communication of these applications to the Fund.

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

Before communicating its no objection, each country will decide on its own nationally appropriate process for ascertaining no objection to funding proposals according to the country's capacities and existing processes and institutions.

To enhance transparency and consistency with paragraph 46 of the Governing Instrument, each proposal by an IE intermediary will provide a full description of how the country ownership was conducted and, if not satisfactory, the Board may reject it.

The NDA/focal point will communicate its no objection to the Secretariat in conjunction with every submission for approval of a funding proposal by an intermediary or IE. The no objection letter will be signed by the official representative of the NDA/focal point registered with the Secretariat.

The Secretariat will formally acknowledge the receipt of the no objection letter to the NDA/focal point and respective IE or intermediary.

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

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

- a) the government has no-objection to the funding proposal;
  - b) the submitted funding proposal is in conformity with the country's national priorities, strategies and plans, and that consistency was pursued, and
  - c) the submitted funding proposal is in conformity with the relevant national laws and regulations, in accordance with the Fund's environmental and social safeguards.
10. In order to enhance transparency, all no objection communication will be made publicly available on the Fund's website. NDAs/focal points are also encouraged to make publicly available their communications of no objection shortly after being issued, where possible and as applicable.
  11. Where funding proposals relate to a programme, the no-objection will apply to all projects or activities to be implemented within the approved framework.

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

12. The no objection procedure will be made available by the Secretariat on the Fund's website and in printed material where it will be explained in a user-friendly manner. Translations into other languages will be made where possible.
13. Upon request, the Secretariat will assist NDA/focal points in the understanding of the no-objection procedure upon request.
14. NDAs/focal points are encouraged to disseminate this procedure in their countries as appropriate and through their own websites and communication channels, especially in local languages.

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

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



## Annex 11: Guidelines for the operation of the fit-for-purpose accreditation approach

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

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

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

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

The accreditation process will take into account the scale and type (e.g. financial instrument) of funding that the entity intends to access, as well as the nature of its intended activities. This approach will ensure that the assessment of the Bangladeshi entity's conformity with the fiduciary standards, and relevant capacities related to the Fund's ESS in the accreditation process

is commensurate with the level of fiduciary and non-financial (e.g. environmental and social) risks to which the Fund will be exposed through the activities of IEs and intermediaries.

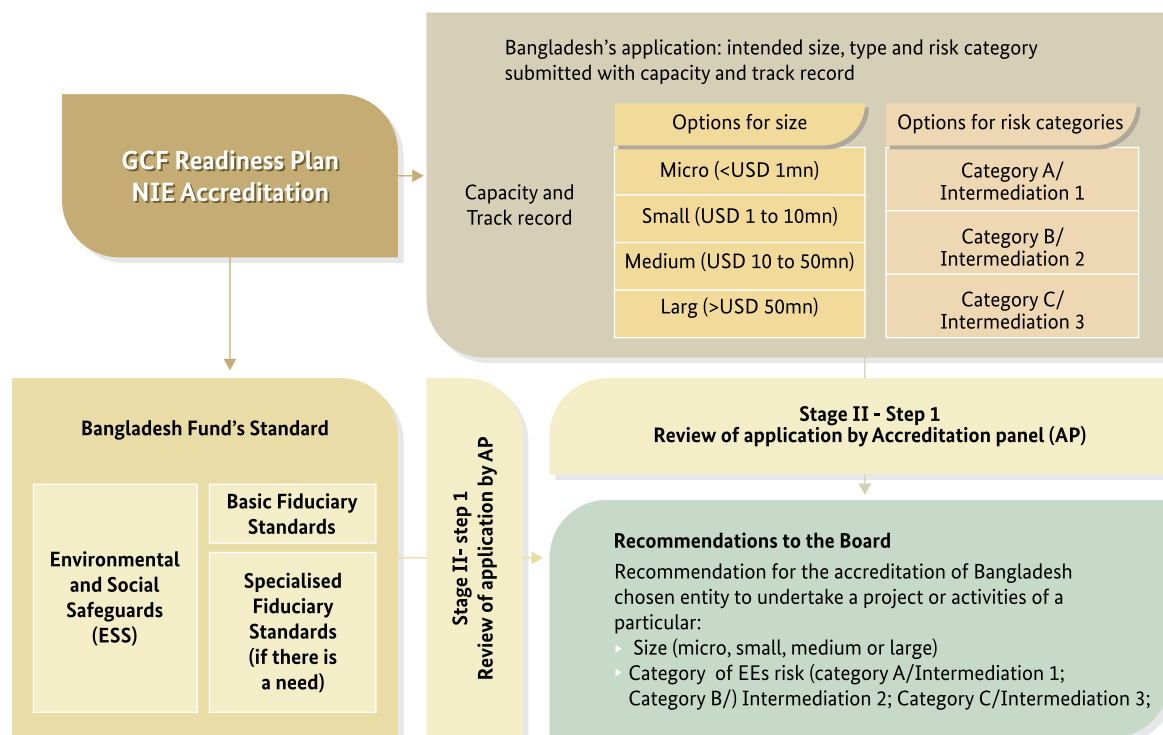
The assessment for accreditation, taking into account the fit-for-purpose approach, is conducted upon the application for accreditation and supporting information, including their track record, provided by the applicant during the application process. After an entity is accredited, its track record of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

### b. Developing Bangladeshi conformity with the Fund's fiduciary standards

Assessment of the chosen Bangladeshi entity's conformity with the Fund's fiduciary standards will be considered according to the nature of the fiduciary risk, the scale of intended activities, and type of entity (see Figure 1).

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

- a) **Project management.** In the case of a Bangladeshi entity that will be implementing projects, the assessment will look at the project management capacities of the chosen Bangladeshi entity. In the case of an entity that will be intermediating funding through a grant award, on-lending or blending mechanism, the assessment will look at the capacities of the chosen Bangladeshi entity to exercise appropriate oversight and governance, hold to account, across the defined fiduciary requirements in this category, the entities that will access the funding that it intermediates.



- Grant award and/or funding allocation. This set of criteria will apply to any Bangladeshi entity that will intermediate funding in the form of grants through a grant award or funding allocation mechanism.
- On-lending and/or blending. This set of criteria will apply to any Bangladeshi financial or other entity that will intermediate funding in the form of loans through on-lending or blending (through combining and sequencing) with resources from other sources.

**ii. Scale of intended activities.** Irrespective of the scale of activities to be funded with the Fund's resources, all entities will have to meet the Fund's basic fiduciary standards and any applicable specialised fiduciary standards in order to be accredited. A Bangladeshi entity can only access funding at a scale that is within its capacity to manage in accordance with the Fund's fiduciary standards. As the accreditation panel will use its expert judgement to determine whether the capacity demonstrated by the Bangladeshi NIE entity for each applicable fiduciary standard is adequate in light of the scale of funding it will access from the Fund, clear capacity must be clearly demonstrated to help AP make informed decisions. The accreditation panel may recommend to the Board that a Bangladeshi entity be accredited to access funding within one of

the following categories, commensurate with its track record and demonstrated capacity:

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

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

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

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

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

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

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

Following the application review, the Accreditation Panel will recommend to the Board whether an entity should be accredited, and assign a risk categorisation to the entity. Once an entity is accredited, it can

submit funding proposals for projects or programmes through the initial proposal review process up to this categorisation risk level assigned when the entity was accredited.

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

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

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

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

## Annex 12: Institutional mapping

### Economic Relations Division of the Ministry of Finance (ERD-MoF)

The ERD is one of the four divisions of the MoF, Government of the People's Republic of Bangladesh (the other three divisions i) finance, ii) bank and financial institutions, and iii) internal resources). Abul Maal A. Muhith is the Honourable Minister and M. A. Mannan is the Honourable State Minister of the MoF. The Senior Secretary of the Government Mohammad Mejbahuddin is Secretary (<http://www.erd.gov.bd/>).

ERD is one of the most important divisions of the Government of Bangladesh which mobilises external resources for the country's socio-economic development. ERD leads as the focal point of the Government for interfacing with the development partners as well as for co-ordination of all external assistance inflows into the country. It assesses the need for external assistance, devises strategy for negotiations and mobilising foreign assistance, formalise and enables aid mobilisation through signing of loans and grant agreements, determines and executes external economic policy (<http://www.erd.gov.bd/>).

#### Key questions

- How are external resources mobilised?
- Who are the decision makers?
- How effective is the interfacing and coordination with donors?
- What are the main constraints in terms of absorptive capacity, implementation appetite, MRV system, top down vs. bottom up??
- How does it assess the country needs? By using a flowchart?
- What are the decision-making tools used for adaptation and mitigation?
- How are these prioritised?
- How are these implemented?

### Planning Commission

The Planning Commission acts as Bangladesh's central planning organisation. The Prime Minister is the Chairman; the Minister for Planning is the Vice-Chairman of the Commission. The Commission determines the goals and strategies of short-, medium- and long-term plans, and formulates policy measures for the achievement of planned goals and targets. It also acts as advisor to the government in respect of, among others, projects and programmes relating to climate, disaster and other development issues. It can be characterised as the government's key policy co-ordination mechanism and has a central role in the effective transaction of climate change policy to action at ministry level. It also has a crucial role in the interface between policy and allocation of resources at sector level.

The Commission consists of the Vice Chairman and five Members. The Secretary, Planning Division acts as Member Secretary. Under the Members, there are six Divisions. Two (General Economics and Programming divisions) deal with the general macro issues of the economy; the other four Divisions deal with the planning and policy issues of different sectors of the economy.

#### Institutional linkages

- The Planning Commission interacts with government ministries and agencies. The Bangladesh Bureau of Statistics meets the data requirements of the Planning Commission.
- The Finance Division and Internal Resource Division advise the Planning Commission on matters of resource availability and formulation of fiscal and monetary policy.
- The Implementation Monitoring and Evaluation Division (IMED) undertakes monitoring and evaluation of the public sector development projects included in the Annual Development Program (ADP).

- The IMED also deals with the matters relating to Central Procurement Technical Unit (CPTU), and works toward improvement of the public procurement process in Bangladesh.
- The ERD mobilises Official Development Assistance (ODA) to address the saving-investment gap in development planning.
- At the micro level, ERD lines up project aid for implementation of the ADP.
- The Bangladesh Institute of Development Studies (BIDS) provides backup research support to the Planning Commission when necessary.
- The Planning and Development Academy supports the Planning Commission by providing training inputs for its officials.
- Finally, the Planning Commission submits plans, programmes and projects to the National Economic Council for formal approval.

**Ministry of Environment and Forests (MoEF).**

Planning, regulation and co-ordination of environmental and forestry programmes are the major activities of MoEF. The Secretary of MoEF is the UNFCCC focal point for Bangladesh. As a result, MoEF also undertakes actions to reduce climate change impacts in different sectors. The activities of MoEF in terms of climate change include formulation of policy for climate change adaptation and mitigation, performing national and international negotiations, climate change fund management (BCCTF and BCCRF), and related administrative actions. Two climate change policy instruments i.e. the National Adaptation Plan of Action (NAPA) and BCCSAP were developed through a stakeholder consultation process under the auspices of the Ministry. This ministry acts as the permanent member of the ECNEC, to ensure that environmental interests are taken care of while undertaking development actions. In similar fashion, the MoEF plays an effective role in mainstreaming climate change in sectoral activities performed by various ministries and departments. The MoEF has emerged as a project implementation agency by using the funds (e.g. BCCTF and BCCRF); it is entrusted to spend in order to address climate change impact.

**Department of Environment (DoE).** The DoE is engaged to protect the environment from development activities. Biodiversity conservation and pollution control by performing monitoring mechanisms, and EIA processing are other important areas where DoE exerts efforts to ensure that environmental components and processes are functioning well. In addition, the Department puts particular emphasis on the undertaking of actions in areas related to climate change. The DoE was directly involved in the preparation of the NAPA and BCCSAP documents. In a recent initiative, it produced the Biodiversity National Assessment which recommends six biodiversity conservation programmes in the face of climate change. It has set up a climate change cell to carry out research activities on different thematic areas, including into climate change modelling and impact scenarios. In addition, DoE arranged the actions necessary to produce National Communication papers (initial and second national communication) in order to facilitate the MoEF so that the Bangladesh government as a member of UNFCCC could submit the report and fulfil its commitment.

## Annex 13: Initial best-practice options for country coordination and multi-stakeholder engagement

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

### I. Country strategic framework

National climate change strategies, plans and priorities will be the strategic framework provided in a country's country programme, and would therefore be a basis for the preparation and implementation of funding proposals. Recipient countries may therefore define their strategic framework on the basis of existing national climate change plans and strategies, including nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) and national adaptation programmes of action (NAPAs), or choose to develop a Fund-specific strategic framework drawing on existing relevant national plans and strategies. The Fund may provide assistance for the identification of these national strategic frameworks in the context of the Fund's work programme on readiness and preparatory support.

In order to ensure systematisation of country coordination and multi-stakeholder engagement, countries could be encouraged to design a consultative process through which national climate change priorities and strategies can be defined.

A consultative process should aim to be an ongoing process rather than a discrete activity only occurring once without the possibility of i) follow up, ii) continuous update, and iii) regular assessment of progress.

These consultative processes should be inclusive and seek to engage all relevant actors within the government, the private sector, academia, civil society and other relevant stakeholder groups or sectors.

Criteria and options for country coordination through consultative processes may include:

- a) the use of existing regular country meetings or national planning/dialogue exercises, including in the context of other sources of funding for climate change activities, the sharing of lessons learned and collection of inputs and views;
- b) the establishment, when possible and national circumstances allow, of a dedicated country coordination mechanism for the country's identification of its strategic framework in the context of the Fund;
- c) the integration into other relevant national consultations processes or programming exercises that may enable synergies and the exchange of complementary information, and
- d) building on the country's prior experience in coordinating cross-sectoral initiatives and investments and engaging with other sources of finance.

### II. Development of funding proposals

Country coordination and multi-stakeholder engagement are critical for the effective preparation of funding proposals, as well as ongoing monitoring and evaluation after approval. This process should be well-aligned with relevant provisions of the Fund's environmental and social safeguards, which require, among others, that all projects/programmes are designed and implemented to be consistent with the Fund's requirements for stakeholder engagement and disclosure.

The Fund's environmental and social safeguards also require that funding proposals for projects/programmes will need to have in place an environmental and social management system (ESMS) which establishes a process of stakeholder engagement and disclosure.

Guidance in the application and use of the Fund's environmental and social safeguards (which includes the matters mentioned above) will be made available in the context of the guiding framework for the Fund's accreditation process.

Country coordination mechanisms are also important in supporting the ongoing monitoring and evaluation of the Fund's projects and programmes, thus allowing for a process for evaluation at various stages of the project cycle.

Through collaboration with intermediaries and IEs, country coordination and multi-stakeholder engagement processes may facilitate forums, meetings or workshops to review progress against results frameworks, to discuss best practices and challenges, to identify opportunities for enhancing coherence, and to integrate lessons learned into relevant plans and priorities.

## Annex 14: MIE and NIE profiles (as at Sept 2015)

Legal entity name	Entity type	Size	Fiduciary standard	Environment and risks category
ADB	International (MIE)	Large (>USD50 million)	- Basic - Project management - Grant and/or funding allocation mechanism - On-lending and/or blending (loans, equity, guarantees)	Category A/ Intermediary 1
KfW	International (MIE)	Large (>USD50 million)	- Basic - Project management - Grant and/or funding allocation mechanism - On-lending and/or blending (loans, equity, guarantees)	Category A/ Intermediary 1
UNDP	International (MIE)	Medium (USD10 to 50 million)	- Basic - Project management	Category B/ Intermediary 2
IDCOL	Government agency to work with private sector	Small (USD1 to 10 million)	- Basic - Project management	Category C/ Intermediary 3
LGED	Government agency	Small (USD1 to 10 million)	- Basic - Project management	Category C/ Intermediary 3
DOE of MoEF	Government agency	Small (USD1 to 10 million)	- Basic - Project management	Category C/ Intermediary 3
Bangladesh Bank	Central Bank	Small (USD1 to 10 million)	- Basic - Fund management	Category C/ Intermediary 3
Palli Karma-Sahayak Foundation	Government agency to work with CSO sector	Small (USD1 to 10 million)	- Basic - Project management	Category C/ Intermediary 3
BCCT	Government Climate Fund	Small (USD1 to 10 million)	- Basic - Fund management	Category C/ Intermediary 3



## Resources

### **NDA and focal points**

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

<http://www.erd.gov.bd/>

### **Accreditation**

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

### **Funding proposals**

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

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

### **Operations manual**

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

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

### **For accreditation to GCF, please contact:**

[accreditation@gcfund.org](mailto:accreditation@gcfund.org)

