



Global Water
Partnership



APAN Secretariat



Asia-Pacific
Water Forum



Japan International
Cooperation Agency



United Nations
Environment Programme



6TH ASIA-PACIFIC
CLIMATE CHANGE
ADAPTATION FORUM



Technical Workshop on Project Preparation for Transformational Climate Resilience Water Project Concepts in Asia

15 - 16 October 2018, Manila

Expected workshop outcomes

- Enhanced understanding of climate adaptation finance landscape in Asia
- Enhanced understanding of the GCF impact criteria, operational modalities and procedures, and financing instruments
- Clear understanding of concrete steps needed to prepare strong climate resilient water project concepts for GCF
- Enhanced understanding of approaches and available resources for articulating climate rationale and estimating incremental costs of climate-proofing water investments
- Enhanced understanding of the roles and responsibilities of all parties involved throughout the project cycle
- Identification of potential GCF project concepts for each participating country
- Discussion of follow-on support and exchange mechanism – Partnership for Climate Resilient Water Project Development in Asia for the GCF

1a. Improved understanding of climate rationale

Climate Rationale

- GCF's mandate (from the Paris Agreement) –
 - support GHG emission reduction
 - support adaptation/transformation in response to GHG induced climate risks
- Articulation of strong “climate rationale” a critical starting point! Weak climate rationale one of the most common reasons water concepts are rejected
- In water, esp in LDCs, data gaps and lacking analytical capacity are big challenges
 - Wealth of resources highlighted (Workshop Document 6)
 - Indigenous knowledge, in its many forms, can corroborate, and provide additional perspectives to scientific analysis
 - Need better in-country coordination with hydrological and meteorological services, researchers, universities; partners such as WMO available to support
- Range of adaptation options available – consider water-sub sectors
- Proposed solutions needs to be evaluated against range of alternatives; complementarities should be considered

1b. Improved understanding of the GCF investment criteria

6 investment criteria. Full list of indicators for each criterion in [GCF B.09/07 Annex II](#)

For water sector project concepts, need to pay attention to first two -

1. Impact Potential – Project’s potential to contribute to the Fund’s objective and 8 result areas

- Mitigation impact – contribution to the shift to low-emission sustainable development pathways
 - Indicators: CO2 emissions reduced; access to low-emission energy increased; energy intensity in buildings, cities, industries reduced;...
- Adaptation impact – contribution to increased climate-resilient sustainable development
 - Indicators: Direct & indirect beneficiaries; reduction in vulnerability by enhancing adaptive capacity; avoided deaths and number of people affected by natural disasters; increase in generation and use of climate information in decision making;...

2. Paradigm shift potential – Project’s potential to catalyze impact beyond one-off investment

- Robust theory of change for replication and scale-up
- Activities could include: Reforms in policies and regulatory frameworks; Knowledge generation, curation, access, adoption; Innovation

2. Improved understanding of roles of different players in the project prep cycle – many lessons for us!

- NDA, Accredited Entity, project promoter, executing entities, MoF, MoPlanning, line ministries, private sector, project preparation facilities, GCF
- Some success factors observed from case studies
 - NDA approval/support sought for project ideas well before concept development
 - NDA draws on readiness funds to build country programming, pipeline development, building needed information systems, strengthening capacities → DAE builds on these and submits strong climate resilience water project proposals – through streamlined windows such as the Simplified Approval Process window
 - Project embedded in country climate change strategy
 - PPF funds revealed mitigation benefits of this project originally conceptualized for adaptation – increased impact potential of project!
 - Involvement of MoF in early stages critical to secure govt co-financing, capitalizing on high rate of returns established by PPF-supported analysis
 - Multi-stakeholder platforms critical for stakeholder consultations

3. Lack of \$ is perhaps not the most acute problem...

Variety of entry points into the GCF, depending on country readiness...

- Best case, if ready: **Option 1. Submit full project proposals**, via regular investment window or [Simplified Approval Process](#)
- If full proposals not developed: **Option 2. Access PPF funds** for taking concept to proposal
- If no concepts ready yet: **Option 3. Readiness support** for NDA strengthening, pipeline development, climate information strengthening, accreditation of DAEs
 - Upstream TA available for DAEs for design of concept notes and PPF applications. Required:
 - Project idea with high climate impact potential
 - NDA agreement
 - No forms! Send email request to secretariat ppf@gcfund.org
- If at the very start: **Option 4. Support for GCF country programming**

3. Readiness

Readiness and Preparatory Support

- NAP preparation (overall NAP or sectoral NAP)
- Strengthening NDA
- Accrediting Direct Access Entities
- Developing adaptation project pipelines
- Sharing information and experiences

HOW MUCH?

3M total per country (not per year; can be accessed at once, or in parts)

up to 300k per year

up to 700k per year

WHO ACCESSES?

Delivery Partner

NDA

Delivery Partner

Delivery Partner - Institutions selected by the NDA to implement Readiness activities.

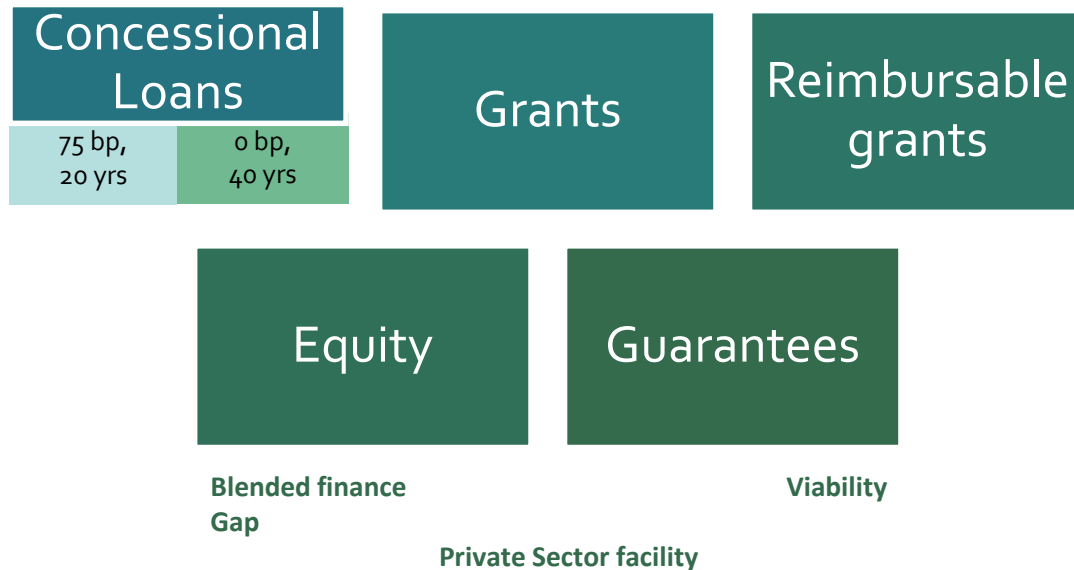
Delivery Partners provide services such as: development of readiness request proposals; implementation and supervision; fiduciary management; progress reporting; and project completion and evaluation.

Delivery Partners may be AEs or other non-accredited institutions who meet the financial management capacities requirements of the GCF.

4. Project Preparation Facility: (optional) support for taking Concept Note to Full Proposal

- Strongly target DAEs; in countries with no DAEs, international AEs may be considered
- Grants, repayable grants, equity (typical 250-600k, ceiling 1.5M)
- Strongest barrier: concept note quality – adherence to GCF investment criteria
- Required: NDA no-objection to PPF proposal; full project proposal prepared with PPF support must be submitted to GCF
- Fast track: decision by the Executive Director, not Board
- Coming soon: pre-procured PPF services that AEs can use, will accelerate project development
- TA from GCF Secretariat available to prepare concept note (started mid-2018): DAE send request to Secretariat (ppf@gcfund.org) or Jason directly (jspensley@gcfund.org), indicating NDA approval; independent (non-GCF), but GCF-versed expertise plays a supporting role to DAE
- Timeline for PPF proposal approval: shortest from concept note approval to PPF approval is six weeks; in post-concept note stage, goal is for feedback on PPF proposal to be given back to DAE within a month of proposal submission; once addressed, target is ED decision within four weeks
- In practice, PPF conversation happens in parallel to communications on concept note – expect heavier feedback on concept notes that are targeting subsequent PPF support
- Some concept notes merit PPF support more than others (those that need in-depth feasibility studies/complex ESMP)
 - eg. PPF not suited for Simplified Approval Process (SAP) projects

5. A variety of financing instruments



- GCF an enabler, helping countries to overcome financing barriers – high risk appetite
- Seek the right level of concessionality, so as not to displace investments that would otherwise have occurred, including private sector investment, avoid crowding out commercial financing
- Explore sources of co-finance (a wide range available in the [Asian financing landscape](#)) and outline why GCF/why not others in proposal

6. Private Sector Facility

- Tailor lifecycle, concessional financing (enabling projects that would otherwise not be viable), no prescribed interest rate
- De-risk high impact projects
- Leverage GCF's own resources with that from the private sector; public finance also included in blending
- 40% of current GCF committed financing is in private sector involved projects: \$1.4B
- Most of PSF support is through concessional loans, equity – concessionalities as appropriate, to address additionality
- Examples: India (NABARD), Zambia (AfDB, local banks, local pension fund), Kazakhstan, Mongolia (XacBank)

6. Moving forward...

- Some country project ideas have ingredients necessary for a good GCF concept note; others might be more suited to readiness window
- Next step: fold in NDA, strengthen articulation of climate rationale and contribution to GCF investment criteria
- Use [workshop presentations](#) as a resource
- Partnership for Climate Resilient Water Project Development in Asia will continue to offer facilitated peer-to-peer and demand driven technical assistance and knowledge sharing among NDAs, DAEs, Water Ministries and national water agencies, in collaboration with technical partners. IT platform for partnership forthcoming.
- As you advance your water project ideas to concept note stage, direct any opportunities for peer-to-peer exchange or requests for support to the Partnership to: fany.wedahuditama@gwpsea.org

Thank you!



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