Fund for responding to Loss and Damage

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Proposal for the start-up phase of the Fund for responding to Loss and Damage

Summary

This document presents the proposal for the start-up phase of the Fund for responding to Loss and Damage, with options identified for each of the key areas of work required to operationalize the start-up phase.

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I. Overview

1. This paper presents the proposal for the start-up phase of the Fund for responding to Loss and Damage (hereinafter referred to as the Fund), with options identified for each of the key areas of work required to operationalize this phase.

2. According to decision B.4/D.3, the start-up phase will span two years from 2025 to 2026.

3. The objectives of the start-up phase include:

(a) Develop inclusive, bottom-up and country-led approaches that promote and strengthen national responses to loss and damage, drawing on the range of financial instruments set out in the Governing Instrument, including budget support through direct access;

(b) Serve as the initial period to test and refine the operational approaches that will be developed and implemented in parallel with the longer-term operational policies and procedures, with a view to generating lessons and evidence to refine the development and implementation of such long-term strategies towards a fully fledged operating model;

(c) Enable rapid learning while maintaining flexibility to adjust approaches based on the experiences during early implementation.

4. Decision B.4/D.3 further emphasized that activities implemented during the start-up phase will not prejudge nor necessarily set precedent for the development of the long-term operational modalities of the Fund.

5. The proposal is structured into ten chapters that, together, provide the framing for the key considerations and proposed options for the start-up phase regarding the key areas identified in the workplan annexed to decision B.4/D.3 and the propositions presented to and noted by the Board at its fourth meeting (B.4). The key areas are the programming areas, funding modalities, financial instruments, access modalities, resource allocation framework, results management framework and the simplified operational model. The key terms and concepts used in this proposal are described in table 1.

6. The Board is requested to consider the options proposed in this document and decide on the key elements required for operationalizing the start-up phase. An overview of the options is presented in table 2. Following the Board's decisions, the Secretariat will develop the required frameworks, systems and operational manual and will expand its human resource capacity to meet the needs of operationalizing the start-up phase.

Table 1
Key terms and concepts used in the proposal

Term/concept	Description
Economic loss	Loss of resources, goods and services that are commonly traded in markets.[a]
Non-economic loss	Loss of elements that are not commonly traded in markets and which occur in three distinct areas: private individuals, society and the environment. Such losses may include loss of life, health, displacement and human mobility, territory, cultural heritage, Indigenous/local knowledge, biodiversity and ecosystem services.[a]
Extreme weather events	Extreme weather events are single and discrete occurrences with intensive or extensive direct and indirect effects (e.g. hurricanes, floods, heatwaves, storm surges).[b]
Slow onset events	Slow onset events refer to increasing temperatures, desertification, loss of biodiversity, land and forest degradation, glacial retreat, ocean acidification, sea level rise and salinization.[c] These hazards lead to compounded and cascading impacts, which unfold gradually and, in some cases, may result in far-reaching or irreversible loss and damage to society, culture and the environment over an extended period.

Term/concept	Description
Recovery	The restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development to avoid or reduce future risk.[d]
Rehabilitation	The restoration of basic services and facilities for the functioning of a community or a society affected by an event. Rehabilitation may involve temporary repairs and replacements and is typically a shorter-term activity focusing on immediate needs.[d]
Reconstruction	The medium- and long-term rebuilding and sustainable restoration of resilient critical infrastructure, services, housing, facilities and livelihoods required for the full functioning of a community or a society affected by a disaster, aligning with the principles of sustainable development and “build back better”, to avoid or reduce future disaster risk.[d]
Direct budget support	“Budget support” is defined by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC)[e] as a method of financing a partner country’s budget through a transfer of resources from an external financing agency to the country’s national treasury. The funds are managed in accordance with the country’s budgetary procedures. “Direct” budget support implies that funds are transferred “directly” to the country’s national treasury, rather than through a regional or international organization.
Programmatic approaches	Programmatic approaches (as opposed to project-based approaches) refers to the use of country-led “programmes” with broader, multi-phased and long-term activities that address multifaceted needs and gaps beyond a single intervention, thereby enabling countries to address complex and systemic issues more strategically and effectively. Programmatic approaches differ from the rapid disbursement via direct budget support, which is more short-term in nature and is designed for responding to extreme weather events.
Pre-arranged financing	Rapid and predicable financing to countries after a climate-related event (ex post). The financing is pre-arranged (ex ante) to facilitate rapid disbursement when the “trigger” for release of funding is activated.
Readiness support	Assistance provided to countries to strengthen their institutional capacities and systems, planning and programming initiatives, and other capacity needs for responding to loss and damage.
Small grants	Small grants focus on funding community- and locally led initiatives that aim to address issues through a decentralized, local delivery mechanism. Funding usually ranges from a few thousand to tens of thousands of dollars.
Implementing entities	Entities that have been approved to directly access and implement resources from the Fund.
Executing entities	Entities that are engaged by implementing entities and are responsible for the execution of activities, under the oversight of implementing entities.

[a] UNFCCC. 2010. *Non-economic Losses: Featuring loss of territory and habitability, ecosystem services and biodiversity, and cultural heritage*. Available at https://unfccc.int/sites/default/files/resource/nels_paper_2024.pdf.

[b] UNDRR. 2023. *Tracking Losses and Damages from Slow-onset Events: Issues and perspectives*. Available at https://www.preventionweb.net/media/102052/download?startDownload=20250325.

[c] UNFCCC. 2025. *Technical guide on sea level rise*. Available at: https://unfccc.int/sites/default/files/resource/WIM%20ExCom%20sea%20level%20rise.pdf .

[d] UNDRR, 2017.

[e] OECD-DAC. 2006. *Harmonizing Donor Practice for Effective Aid Delivery: Volume II – Budget Support, Sector-Wide Approaches and Capacity Development in Public Financial Management*. Paris: OECD-DAC. The same definition is presented in OECD-DAC (2012).

Table 2
Overview of the proposed options for the start-up phase for the Board's consideration and decision at B.5

<table>
<tr><th>Key areas</th><th colspan="2">Proposed options for the start-up phase of the Fund (2025–2026)</th></tr>
<tr><td>1. Bottom-up, country-owned programming areas

(chapter 3)</td><td colspan="2">The Fund will support activities responding to loss and damage originated from bottom-up, inclusive, country-led and country-owned approaches. This may include activities that are:

(a) Complementary to humanitarian actions taken immediately after an extreme weather event;
(b) Needed for intermediate or long-term recovery, reconstruction or rehabilitation;
(c) Responding to slow onset events.

Annex I presents a non-exhaustive list of example activities that could be supported under the programming areas.</td></tr>
<tr><td>2. Funding modalities

(chapter 4)</td><td colspan="2">The following funding modalities are proposed for the start-up phase:

1. Programmatic approaches for long-term needs for responding to loss and damage;
2. Rapid disbursement via direct budget support for responding to the immediate impacts of climate-induced extreme weather events;
3. Readiness support for strengthening country-led programming for responding to loss and damage;

*Note: the other funding modalities will be considered for the subsequent phase

Indicative options for prioritization targets for the start-up phase are presented in the Co-Chairs' note on decision elements for the Board's consideration.</td></tr>
<tr><td>3. Financial instruments

(chapter 5)</td><td colspan="2">Prioritization of grants as the primary financial instrument for the start-up phase is proposed.

Expansion of the financial instruments in the subsequent phase to include concessional loans, guarantees and other instruments is proposed. Preparatory work on designing the additional instruments will commence during the start-up phase.</td></tr>
<tr><td>4. Access modalities

(chapter 6)</td><td>1. Blanket approval of entities accredited to the AF, GEF and GCF

A blanket approval modality, through a phased approach, is proposed for entities already accredited to the AF, GEF and GCF.

The phased approach entails blanket approval of a subset of entities at B.5, followed by another subset of entities at B.7. The subset of entities for each phase shall be decided by the Board.

To date, 155 entities are accredited to the AF, GEF and GCF. The types of entities include:</td><td>2. Simplified screening to determine functional equivalency (for new entities)

The Board is requested to consider the following questions (see chapter 6 for further elaboration):

(a) Which standards will be used by the Fund?
(b) Do all standards and safeguards need to be reviewed in the same way to access the various funding modalities?
(c) In simplifying screening requirements, what risk mitigation measures would be needed?</td></tr>
</table>

Key areas	Proposed options for the start-up phase of the Fund (2025–2026)	
	(a) National implementing entities, including national development banks, government ministries, research institutes, environmental funds, among others; (b) Regional implementing entities, including regional development banks, and development and environmental funds; (c) International implementing entities, including the multilateral development banks, international financial institutions, United Nations organizations, international non-governmental/civil society organizations, bilateral development agencies, multinational banks and international companies.	Guided by the Board's consideration of the above, the Secretariat will initiate the development of the fully fledged simplified screening mechanism during the start-up phase, with the aim of rolling it out in the subsequent phase.
5. **Resource allocation framework** (chapter 7)	**1. Proposed floors for SIDS and LDCs to be considered for the start-up phase** (a) [25–50%] floor for SIDS and LDCs as a group; or (b) [X%] floor for SIDS and [X%] floor for LDCs	**2. Proposed programming caps to be considered for the start-up phase** (a) USD [X] cap for programmatic approaches (b) USD [X] cap for rapid disbursement via direct budget support (c) USD [X] cap for readiness support
	Additional options for consideration in the subsequent phase are elaborated in chapter 7.	
6. **Results management framework** (chapter 8)	Based on the programming areas, funding modalities and resource allocation framework decided by the Board, the Secretariat will develop a fully fledged results management framework for the start-up phase which will include the results areas, results chain/theory of change, list of core indicators for measuring and tracking the results areas, and etc.	
7. **Simplified operational model** (chapter 9)	Based on the programming areas, funding modalities and resource allocation framework decided by the Board and building from the proposed simplified programming cycle, the Secretariat will develop a full operational manual that includes (but is not limited to) the options for simplification measures proposed.	

Abbreviations: AF = Adaptation Fund, GCF = Green Climate Fund, GEF = Global Environment Facility, LDCs = least developed countries, SIDS = small island developing States.

II. Framing the proposal for the start-up phase

A. Context

7. At the second meeting of the Board (B.2), the Board requested the interim secretariat to develop a proposition outlining (1) options and choices for the Fund to further operationalize a bottom-up, country-led and country-owned approach that promotes and strengthens national responses to loss and damage; and (2) options for early interventions by the Fund as early as 2025–2026.

8. At B.4, the Executive Director presented the propositions, which were noted by the Board, and the Board requested the Secretariat to develop a proposal for the start-up phase of the Fund (decision B.4/D.3).

9. The propositions for the start-up phase focused on inclusive, country-led and country-owned processes that consisted of: (1) developing or strengthening national plans (or their equivalent) for responding to loss and damage; (2) technical assistance/readiness; (3) rapid disbursement for climate-induced extreme weather events and preparing modalities for climate-induced slow onset events; and (4) small grants that prioritize community-led activities.

10. The propositions also contained the proposed modalities for the start-up phase, consisting of (1) a fast-track/blanket approval of accredited entities under the Adaptation Fund (AF), the Global Environment Facility (GEF) and the Green Climate Fund (GCF); (2) a simplified screening methodology to determine functional equivalency; (3) financial instruments, noting that the start-up phase will focus on grants; and (4) a resource allocation framework for the start-up phase which will follow the parameters set forth in paragraph 60 of the Governing Instrument.

11. The proposal for the start-up phase contained herein builds on the Secretariat’s understanding of the Board’s guidance discussed at B.4 in the context of the propositions, and presents the key minimum requirements for operationalizing the start-up phase. The initial modalities and frameworks will allow the Fund to swiftly operationalize so that it can test approaches, learn from early experiences and make corrections for the future long-term operations of the Fund. In this regard, it is important that the start-up phase operations are not designed in silos but are set up within the pathway of building the long-term policies and frameworks of the Fund.

12. The implementation plan for the start-up phase, presented in chapter 10, includes the sequencing of decisions on the key minimum requirements for operationalizing the start-up phase, as well as the development of the full set of policies, frameworks and systems for the long-term operations of the Fund.

B. Differentiation and innovation

13. An important starting point that guided the development of this proposal is that this Fund was created to be an innovative climate fund set up to fill key gaps in the existing financing architecture for responding to loss and damage and to approach this with the needs and priorities of countries at its heart. This Fund is innovative in three main ways.

14. First, this Fund is mandated to be a dedicated channel of support for responding to climate-induced loss and damage, which has been a key gap within the existing architecture of climate finance, especially for responding to non-economic loss and damage from slow onset events. Although there is a history of dedicated channels of support flowing to developing countries to help address climate change and broader environmental issues, when looking at the vertical climate funds, the AF focuses on addressing adaptation, the GCF focuses on addressing climate change adaptation and mitigation, and the GEF, including its subfunds, supports a wide cross section of global environmental challenges that include climate change adaptation and mitigation.

15. This Fund is different to its comparator funds because it is the first and only climate fund solely focused and dedicated to supporting countries that are responding to economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events.

16. Second, a central feature of this Fund is that bottom-up, country-led and country-owned approaches are fundamental to how the Fund will support countries. This marks a pivotal shift from the traditional “top-down” model of supporting countries. Countries are in the lead in deciding, through inclusive and consultative processes, what is required for responding to loss and damage and determining where and how the support will be received, including in connection with the other entities in the funding arrangements. This is particularly important because responding to loss and damage is highly country and context specific.

17. The bottom-up, country-led and country-owned approaches further represent a shift away from the traditional model of a fund developing strict categories of support with complex eligibility criteria and rigorous due diligence processes. Having the benefit of learning from the numerous lessons and experiences of the other entities in the funding arrangements, especially the other climate funds, it is crucial that this Fund develops modalities, frameworks and policies with innovation and flexibility at its core so that countries and communities can be supported with speed, flexibility, ease and efficiency.

18. Third, the Fund is to be a platform for coordinating a coherent global response to loss and damage that addresses existing gaps in financing, thereby optimizing the use of limited financial resources. The Fund is mandated to work in coordination with existing funding arrangements, particularly through the annual high-level dialogue on coordination and complementarity, to exchange information and good practices, to innovate and to avoid duplication of efforts.

19. Key elements of innovation that have shaped the development of the proposal include:

(a) **Simplified and easier access** through the modalities of blanket approval and simplified screening to determine functional equivalency (chapter 6). This marks an important shift from the traditional accreditation approaches that are resource intensive, complex and have created challenges for national and subnational entities seeking to directly access urgently needed resources;

(b) **A streamlined, flexible and optimized operational model** grounded on the principles of timeliness, predictability, responsiveness and scale of impact that avoids unnecessary complexities and reduces the review and approval time of requests for funding, including the conditions/triggers for rapid disbursement;

(c) **Ensuring speed of disbursement** across all funding modalities, and in particular for the rapid disbursement via direct budget support;

(d) **Country-led and country-owned approaches** at the core of how the Fund operates and this translates into all areas developed for the start-up phase;

(e) **Enhanced focus on inclusivity** through emphasizing effective involvement of relevant institutions and stakeholders, in particular women, vulnerable communities and Indigenous Peoples:

(f) **Stronger emphasis on prioritizing the most vulnerable,** including through the strategic resource allocation framework that proposes a 25-50 per cent minimum floor for small island developing States (SIDS) and least developed countries (LDCs), which demonstrates purposeful ambition compared with the allocation frameworks of the other climate funds.

III. Bottom-up, country-led and country-owned programming areas for the start-up phase

20. All activities supported by the Fund will be originated via bottom-up, country-led and country-owned processes that will determine the country’s priorities and needs for

"responding to economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events" (Governing Instrument, paras. 2 and 43).

21. The Fund is dedicated to supporting priority gaps within the current landscape of institutions, including the funding arrangements, that are financing activities related to responding to economic and non-economic loss and damage. According to paragraph 8 of the Governing Instrument, the Fund will support activities that may be:

(a) Complementary to humanitarian actions taken immediately after an extreme weather event;

(b) For intermediate or long-term recovery, reconstruction or rehabilitation;

(c) For responding to slow onset events.

22. A non-exhaustive list of example activities is presented in annex I. It is also important to note that although the Fund will support activities that are complementary to humanitarian assistance, it will not support core humanitarian activities or emergency response, as there are other existing instruments for humanitarian assistance.

23. Countries will decide the type of support they need for responding to loss and damage and they will determine how this support is connected with other tools and instruments being used, including national resources and other funding received from others in the funding arrangements. Figure 1 illustrates the bottom-up, country-led and country-owned approaches and how they translate into the origination, funding and implementation of activities.

24. **Origination**: Understanding that priorities, gaps and needs are country and context specific, all requests for support will be aligned with national plans for responding to loss and damage, where appropriate and where they exist, including through the effective and meaningful involvement of relevant institutions and stakeholders, in particular women, vulnerable communities and Indigenous Peoples (Governing Instrument, paras. 5 and 43–44). Locally derived and community-driven priorities and needs will also be captured through national consultative processes.

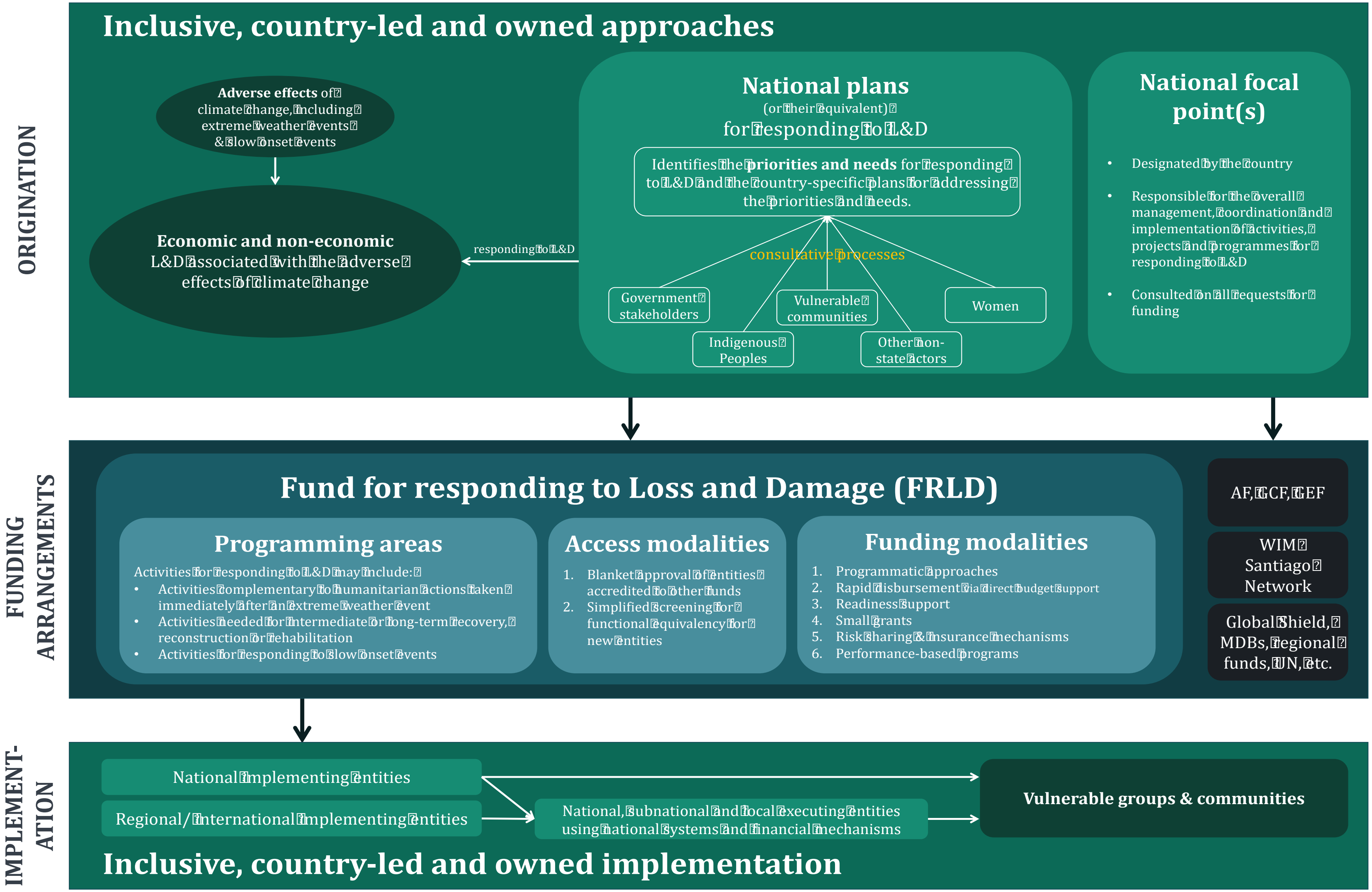
25. Countries may designate national focal points that are responsible for the overall management and implementation of activities, projects and programmes financed by the Fund. The focal point will be consulted on all requests for funding.

26. **Funding arrangements**: Requests for funding will be developed and submitted by the countries, based on their priorities, gaps and needs. Noting the cross-cutting nature of loss and damage, countries can access funding from a variety of funds and entities in the funding arrangements, taking into account their distinct mandates, scope of support and eligibility criteria. Co-financing opportunities with entities in the funding arrangements may also be possible, depending on the countries' priorities and preferred approaches.

27. Countries will determine the appropriate funding modality (see chapter 4), select an approved implementing entity(ies) to access resources (see chapter 6) and submit requests for funding. Upon approval funds are disbursed to the implementing entity(ies).

28. **Implementation**: All activities supported by the Fund will be implemented through country-led and country-owned approaches. The implementing entities will engage with national, subnational and local entities and vulnerable groups and communities to execute activities on the ground. Note that national implementing entities may also directly execute activities. For rapid disbursement via direct budget support, different processes and requirements will be applied (see chapter 4). Differentiated approaches for fragile and conflict-affected settings, where required, will also be further explored.

Figure 1
Overview of the bottom-up, country-led and country-owned approaches for the start-up phase of the Fund



Abbreviations: AF = Adaptation Fund, GCF = Green Climate Fund, GEF = Global Environment Facility, MDB = multilateral development bank, UN =United Nations, WIM = Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts.

29. The following eligibility criteria may be applied during the start-up phase; however, the criteria would not be applied in the same way for all the funding modalities, and further details will be elaborated in the operational manual to be developed.

(a) All developing countries that are "particularly vulnerable to the adverse effects of climate change" (Governing Instrument, para. 2);

(b) Proposed activities will promote and strengthen national responses for responding to loss and damage and utilizing, where appropriate and available, existing national and regional systems and financial mechanisms (Governing Instrument, paras. 43–44);

(c) Proposed activities will involve relevant institutions and stakeholders, in particular women, vulnerable communities and Indigenous Peoples (Governing Instrument, para. 43);

(d) Proposed activities will promote direct engagement at the national and, where appropriate, subnational and local levels to facilitate the implementation of concrete results (Governing Instrument, para. 45);

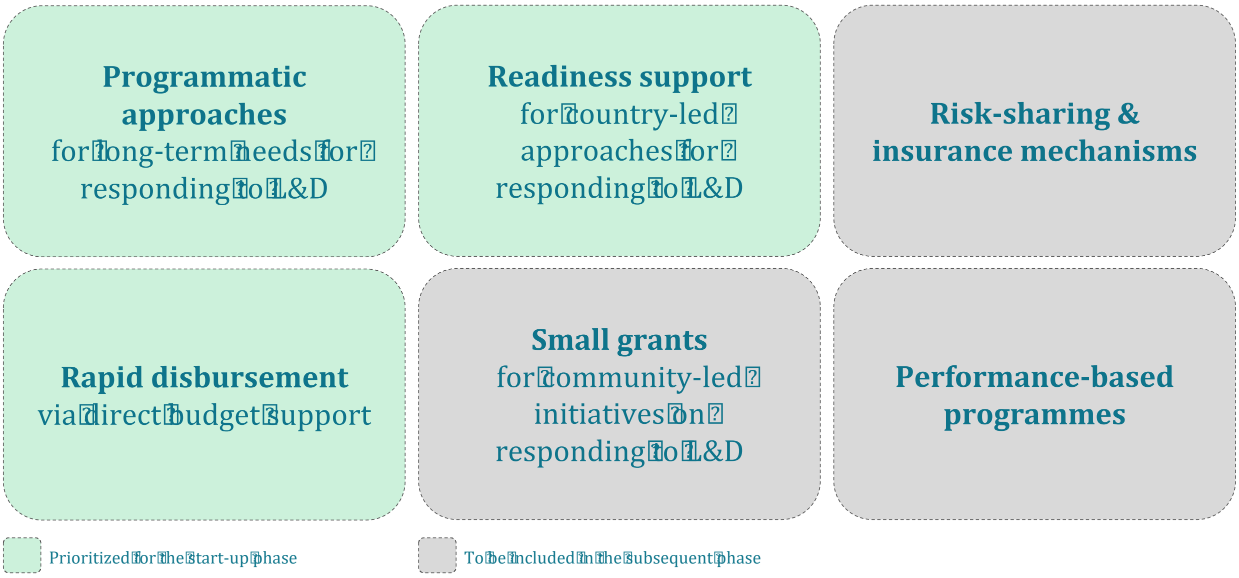
(e) Proposals shall be originated through bottom-up, inclusive, country-led and country-owned approaches and submitted through an implementing entity screened and approved by the Fund;

(f) No-objection letter and/or endorsement letter from the designated national authority or focal point responsible for the overall management and implementation of activities to be supported by the Fund (Governing Instrument, para. 48).

IV. Funding modalities for the start-up phase

30. Funding modalities are the distinct and differentiated mechanisms through which countries can receive financial support to implement their programming priorities and needs as per the bottom-up, inclusive, country-led and country-owned approaches to responding to loss and damage. The six types of funding modality for consideration are shown in figure 2.

Figure 2
Funding modalities for consideration



Abbreviation: L&D = loss and damage.

31. As illustrated in figure 2, three of the six funding modalities are proposed for prioritization in the start-up phase, with the remaining two to be considered for the subsequent phase. This approach takes into account the challenges in rolling out all six

funding modalities in the start-up phase owing to the current availability of funds and the incremental growth of the Secretariat throughout the start-up phase.

32. The funding modalities proposed for prioritization in the start-up phase are as follows:

(a) Programmatic approaches for long-term needs for responding to loss and damage;

(b) Rapid disbursement via direct budget support;

(c) Readiness support for strengthening country-led programming for responding to loss and damage.

A. Overview of the funding modalities proposed for the start-up phase

1. Programmatic approaches for long-term needs for responding to loss and damage

33. Programmes consist of broader and long-term activities that address multifaceted needs and gaps beyond a single intervention. Countries would benefit from access to predictable, multi-year funding at scale that will enable them to address complex and often systemic issues more strategically and effectively, thereby maximizing impact across multiple sectors, geographies and time. This modality differs from the rapid disbursement via direct budget support modality, which is more short-term in nature and specifically designed for responding to the immediate impacts of climate-induced extreme weather events.

34. A programmatic approach promotes effective and efficient implementation of country-specific priorities and needs across all programming areas (see chapter 3) as identified in the national plans for responding to loss and damage, determined by inclusive country-led and country-owned consultative processes.

35. It enables countries to develop programmes that include various types of interventions designed in a flexible manner, through phased approaches, to account for changing country needs and circumstances (which is particularly important for slow onset events). Phased approaches entail breaking down a single programme into multiple phases where each phase of the programme is informed by the lessons learned from the previous phase(s), thereby increasing learning and adaptive management.

36. Countries may develop a single proposal for the whole programme that is reviewed and approved by the Fund via the simplified programming cycle (see chapter 9). Funding for activities within programmes is committed upon Board approval, thereby improving predictability and reliability of resources. Disbursements can be broken down by phase, with the next tranche triggered upon the completion of the previous phase (details on the processes will be elaborated in the operational manual).

37. Compared with the project-by-project approaches, transaction costs are lower for countries because programmes would be governed and managed through a common programme management and results structure. In addition, with long-term activities addressing multifaceted needs, opportunities for co-financing support from multiple funding sources could be enhanced, thereby increasing coordination and complementarity.

2. Rapid disbursement via direct budget support for responding to the immediate impacts of climate-induced extreme weather events

38. Having timely and predictable financing available in the aftermath of climate events is crucial for safeguarding lives and livelihoods. In order for support to be rapidly and readily more available, financing can be pre-arranged. Direct budget support, as a form of pre-arranged finance, refers to the direct transfer of approved funds to countries, upon the pre-approved conditions/triggers having been met.

39. This modality entails bottom-up country-driven development of conditions for triggering the release of disbursements directly to the country's ministry of finance/treasury, where the disbursement is then used alongside national budgets to execute the planned activities. Note that when the conditions are pre-approved, the full amount of funding is committed by the interim Trustee (regardless of when/if the conditions are triggered) and

made unavailable for use for other programming needs. The process for rapid disbursement via direct budget will be further elaborated in the operations manual.

40. Rapid disbursement funds can be used flexibly by countries alongside their national budgets to support activities related to responding to economic and non-economic loss and damage due to extreme weather events, including for community- and locally led initiatives. Emphasis is placed on targeting the most vulnerable communities.

41. To ensure effective use and traceability, the funds could be ring-fenced, disbursements could be split into tranches, simplified reporting requirements could be established and independent (final) evaluations could be conducted to assess the achievement of results.

42. Government ministries receiving the funds will need to be screened and approved through the simplified screening mechanism for determining functional equivalency, as is required for the other funding modalities. The possibility of developing differentiated screening criteria for entities only accessing the rapid disbursement via direct budget support modality is being explored as a part of the development of the simplified screening process (see chapter 6).

3. Readiness support for country-led and country-owned approaches for responding to loss and damage

43. Readiness support entails assistance provided to countries to strengthen institutional capacities and systems, planning and programming initiatives, and other capacity needs for responding to loss and damage. Priorities and needs will be determined by countries.

44. Support will be provided in close coordination with the Santiago Network (in accordance with para. 35(n) of the Governing Instrument), the AF and GCF.[1] Further discussions on complementarity and collaboration on supporting countries through readiness support will continue, including in the context of the first annual high-level dialogue.

45. Activities could include:

(a) Developing or strengthening national planning for responding to loss and damage, including the required national processes and systems;

(b) Developing proposals for programmes;

(c) Assessing and estimating financial requirements for loss and damage activities;

(d) Establishing national loss and damage finance systems;

(e) Strengthening capacities to assess and estimate needs and gaps for responding to loss and damage.

B. Additional funding modalities to be considered in the subsequent phase

46. As the capacity of the Secretariat grows during the start-up phase, considerations will be made on expanding the funding modalities to include small grants for community-led initiatives, risk-sharing and insurance mechanisms and performance-based programmes (e.g. performance-based or results-based payment initiatives) for the subsequent phase. For reference, initial approaches for the small grants for community-led initiatives are described below and will be further detailed at a later stage.

1. Small grants for community-led initiatives on responding to loss and damage

47. Small grants focus on funding community- and locally led initiatives that aim to address issues through a decentralized, local delivery mechanism. Funding usually ranges from a few thousand to tens of thousands of dollars.

48. Small grants allow for tailored and direct deployment of resources to vulnerable communities, including Indigenous Peoples, community-based organizations and other

[1] Statement of interest letters have been signed between the FRLD and the Santiago Network and separately with the AF. Discussions between the FRLD and the GCF have been initiated.

nongovernmental groups. This modality focuses on community- and locally led initiatives where priorities are set by impacted communities, recognizing that those at the forefront of responding to loss and damage are often best placed to assess priorities and develop solutions.

49. Recognizing the importance of avoiding high transaction costs in operating the small grants modality, it is recommended that the Fund develop a stand-alone small grants programme managed by one or more implementing entities selected in a participatory manner. Lessons learned from comparator programmes, such as the GEF Small Grants Program, the AF Climate Innovation Accelerator programme and the CIF Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, will be analysed to identify simplified and efficient approaches while ensuring meaningful impact.

C. Prioritization targets for the start-up phase

50. Recognizing the importance of delivering strategic results and impacts with the funding current available for the start-up phase, setting prioritization indicators and quantitative targets may be a way to anticipate what could be measured in the start-up phase. While the detailed scenarios, options and rationale can be analysed in the context of developing the results management framework and the monitoring and evaluation plan for the start-up phase, indicative options for prioritization targets are presented in the Co-Chairs' note on decision elements.

V. Financial instruments for the start-up phase

51. According to paragraphs 57–58 of the Governing Instrument, "The Fund will provide financing in the form of grants and highly concessional loans on the basis of the Board's policy for the provision of grants, concessional resources and other financial instruments, modalities and facilities," and these instruments shall "take into consideration debt sustainability".

52. On the basis of the discussions of the Board in relation to the propositions presented at B.4, **the proposed and recommended option** is to:

(a) Prioritize grants as the primary financial instrument for the start-up phase;

(b) Expand the instruments to include concessional loans, guarantees, equity and other instruments in the subsequent phase(s).

53. Preparatory work on designing the additional instruments will commence in the start-up phase.

VI. Access modalities for the start-up phase

54. Access, and the modalities for allowing access to the Fund's resources, are crucial elements of the operating model for determining who can access the Fund, as well as when and how they may do so.

55. There are two main types of entity involved in accessing and implementing resources from the Fund: implementing entities (IEs) and executing entities (EEs).

56. IEs are entities that have been approved to directly access and implement Fund resources. Legal arrangements with between the Fund and the IEs will be established. IEs may directly execute activities, or they may work with EEs under contractual arrangements, to execute activities on the basis of an agreed workplan and budget. IEs will oversee the utilization of resources to implement activities to ensure that resources are used for their intended purpose and in alignment with the standards determined by the Fund. IEs are accountable to the Fund.

57. EEs, where involved, are responsible for the direct execution of activities and the delivery of results and impacts in the country, under the leadership and ownership of the country stakeholders at the national, subnational and local level. EEs can be government

agencies, civil society, community organizations and/or private sector entities. EEs are engaged under contractual arrangements with the IEs and are accountable to the relevant IE.

58. When discussing access modalities, the focus is on IEs that are approved by the Fund to directly access resources and oversee the implementation of activities on the ground. In this regard, two access modalities are proposed for the Board's consideration.

1. Blanket approval of entities already accredited to the Adaptation Fund, the Global Environment Fund and the Green Climate Fund

59. A blanket approval modality is proposed for **entities accredited to the AF, GEF and GCF**. This is proposed on the basis that entities that have met the fiduciary standards and environmental and social safeguards (ESS) of the above-mentioned funds would have the required (or functionally equivalent) policies, systems, capacities and track record to access and implement resources from the Fund. Using this modality will provide the Fund with an initial cohort of approved IEs that can support countries to access and implement resources in the start-up phase.

60. For the purposes of this paper, functional equivalency is defined as when the processes, systems or policies of one organization are used in the same manner as another organization to achieve or serve the same outcome or function. In the context of screening entities, when an entity is reviewed against a fund's standards/policies, systems and processes and is judged to be functionally equivalent and is therefore approved, then the entity would not be required to directly apply the policies and standards of the fund but instead would apply the policies of their own organization. In effect, this allows entities to avoid having to directly apply the policies and standards of each fund or organization they are approved to access.

61. At the time of preparing this document, 155 entities are accredited to the AF, GEF and GCF. This includes 84 national entities from 53 developing countries, 16 regional entities and 55 international entities. Of the national entities 29 are from LDCs and SIDS. The full list of entities is presented in annex II.

62. Recognizing the phased growth of the Secretariat and its capacity, a phased approach for blanket approval is proposed in which a subset of entities will be blanket approved at B.5, followed by another subset of entities at B.7.

63. The subset of entities for each phase shall be decided by the Board, noting that entities do not all have the same levels of implementation experience (e.g. some entities may be accredited to the AF/GEF/GCF but have not yet implemented activities), and some entities may not have relevant experience in implementing activities on responding to loss and damage. See annex II for further information. For reference, the types of entities included in the list of 155 entities include:

(a) National IEs, including national development banks, government ministries, research institutes, environmental funds etc;

(b) Regional IEs, including regional development banks, and development and environmental funds;

(c) International IEs, including multilateral development banks, international financial institutions, United Nations organizations, international non-governmental/civil society organizations, bilateral development agencies, multinational banks and international companies.

64. Entities eligible for blanket approval will be required to submit documentation to evidence their accreditation status which will be checked by the Secretariat. An alternative option is for the Secretariat to establish agreements with the AF, GCF and GEF to provide access to the required evidence of accreditation status for the relevant entities.

2. Simplified screening for determining functional equivalency for new entities

65. Given the complexities of traditional accreditation approaches, which have created challenges for national entities seeking to directly access other climate funds, as well as the increased attention on enhancing access for national and subnational entities, a crucial area of work for the Fund will be to establish a simplified screening mechanism for determining

functional equivalency for any **new entities seeking to access the Fund**. This is especially important for developing countries that do not have national entities already accredited to the AF, GEF and/or GCF that would otherwise be eligible for the blanket approval modality.

66. The process for the simplified screening will be designed to be considerably more streamlined and simplified than the traditional accreditation processes of other climate funds (e.g. in the case of the GCF, accreditation processes involve three stages with seven steps). The screening process will include (1) no objection by the national focal point; (2) submission of the application by the entity; (3) Secretariat review; and (4) approval by the Board. Emphasis will be placed on ensuring speed and efficiency.

67. In designing the simplified screening mechanism to determine functional equivalency, **the Board is requested to consider the following questions**:

(a) Which **standards will be used by the Fund?** The Governing Instrument refers to the World Bank fiduciary standards and ESS (Governing Instrument, paras. 35(l) and 67–68), the standards and safeguards of multilateral development banks (Governing Instrument, para. 49) and internationally recognized standards of national and/or regional funding entities' safeguards and standards (Governing Instrument, para. 50). The Board may consider selecting one of these options, or consider the option of developing a stand-alone set of standards and safeguards for the Fund (noting that, if so, this will take time to develop);

(b) **Do all standards and safeguards need to be reviewed in the same way to access the various funding modalities?** This is an important element, given the need for a fit-for-purpose approach that considers the different levels of capacity and experience needed to implement various types or sizes of activities. For example, noting the unique nature of the rapid disbursement via direct budget support modality, would it be necessary to review the ESS standards of the ministries that will be receiving the disbursements from the Fund? Initial consultations with the World Bank experts have revealed it may be possible to explore differentiated screening requirements for different funding modalities. The same question could also apply for project size (small, medium, large) and/or project risk categories;

(c) In simplifying screening requirements, **what risk mitigation measures would be needed?**

68. Based on the deliberations of the Board, access categories could be assigned to entities based on the results of the screening. The access categories could entail funding modality (rapid disbursement, readiness support, etc.), ESS risk (low, medium, high), activity size (small, medium, large) and financial instrument (grant, loan, guarantee, equity, etc.).

69. Guided by the Board's consideration of the above, the Secretariat will initiate the development of the fully fledged simplified screening mechanism during the start-up phase, with the aim of rolling it out in the subsequent phase.

VII. Resource allocation framework for the start-up phase

70. Resource allocation frameworks are used for allocating resources across areas of work or activities so that the use of resources is optimized and prioritized to achieve agreed objectives. According to paragraph 60(a)–(f) of the Governing Instrument, the resource allocation system will take into account, inter alia:

(a) The **priorities and needs** of developing countries particularly vulnerable to the adverse effects of climate change, while taking into consideration the needs of climate-vulnerable communities;

(b) Considerations of the **scale of impact** of particular climate events relative to national circumstances, including but not limited to response capacities of the impacted countries;

(c) The need to safeguard against the **overconcentration of support** provided by the Fund in any given country, group of countries or region;

(d) The **best available data and information** from entities such as the Intergovernmental Panel on Climate Change and/or pertinent knowledge from Indigenous

Peoples and vulnerable communities on exposure and sensitivity to the adverse effects of climate change and on loss and damage, recognizing that such data, information and knowledge may be limited for specific countries and regions;

(e) **Estimates of recovery and reconstruction costs** based on data and information from relevant entities, in particular national and/or regional entities, recognizing that such data may be limited for specific countries and regions;

(f) A **minimum percentage allocation floor** for the LDCs and SIDS.

71. Paragraph 61 of the Governing Instrument notes that the allocation system will be dynamic and reviewed by the Board.

72. In determining options, it is important to recognize that there may not be one single solution that will encompass everything that is required. However, having reviewed examples and benchmarks (see annex III), a number of approaches – some of which may need to be developed for the subsequent phase – are presented in table 3 for the Board's consideration.

Table 3
Proposed options for the resource allocation framework for the start-up phase

Proposed for the start-up phase	
Floor for SIDS and LDCs	**Option 1: [25–50%] floor for SIDS and LDCs as a group** **Option 2: [X%] floor for SIDS and [X%] floor for LDCs**
Programming caps	Although not specified in the Governing Instrument, targets for programming areas and/or funding modalities could be considered for the start-up phase as a way to capture strategic results and impact across all programming areas, including those that may be emerging areas of work (e.g. non-economic losses and slow onset events). Options include: • **USD [X] cap for programmatic approaches** • **USD [X] cap for rapid disbursement via direct budget support** • **USD [X] cap for readiness support**
Options for further consideration in the subsequent phase	
Vulnerability and scale of impact	Options will be explored for consideration in the subsequent phase, including the possible use of indices and/or formula-based approaches, drawing lessons from the other climate funds.
Concentration in any given country, group of countries or region	**Option 1: [X%] cap per country or region** **Note that the distribution of countries per region is not balanced across regions* **Option 2: [X%] monitoring threshold per country or region** **This refers to the percentage that will trigger monitoring by the Secretariat* **Option 3: balanced funding across regions** **No percentages are applied, but the Secretariat will ensure funding is allocated across regions in a balanced manner*
Data and information, including estimates on recovery and reconstruction costs	For all options, the best available data and information will be used, including from international, regional and national and local sources. This could include data/ information from Indigenous Peoples and vulnerable communities.

Abbreviations: LDCs = least developed countries, SIDS = small island developing States.

VIII. Results management framework for the start-up phase

73. A results management framework (RMF) provides a structured approach for assessing how the activities financed by the Fund will generate measurable results. As the elements being discussed under this proposal are not yet decided by the Board, the full RMF will be developed in a staged approach, taking into account the decisions to be made by the Board.

74. A non-exhaustive list of examples of activities under the programming areas is presented in annex I. Results areas will be designed on the basis of the programming areas proposed for the start-up phase, taking into account the decisions and guidance of the Board. An important factor in the design of the RMF will be to provide flexibility given the context-specificity and varying nature of loss and damage in communities and countries. In developing the results areas, emphasis will be placed on the most vulnerable communities and groups, habitats/ecosystems and/or territories of cultural significance.

75. The fully fledged RMF for the start-up phase will include:

(a) Results chain or theory of change;

(b) Results areas;

(c) Core indicators for measuring and tracking the final results areas;

(d) Guidance on reporting for countries and a manual for developing project/programme level RMFs.

IX. Simplified operational model for the start-up phase

76. An operational model represents how the Fund will operate, including its processes, systems and structures in place. The operational model for the start-up phase depends on multiple factors, including (1) the policies, frameworks and systems for all key areas of operations; and (2) the structure of the Secretariat. As these elements, some of which are discussed under this proposal, are not yet decided by the Board, the operational model will be developed in a staged approach, taking into account the decisions to be made by the Board.

77. As a starting point for developing the operational model, a simplified programming cycle for the start-up phase is proposed, as illustrated in figure 3. Note that a modified version of the simplified programming cycle will be developed for the rapid disbursement via direct budget support modality, which will have distinct features.

Figure 3
Programming cycle for the start-up phase

Abbreviation: IE = implementing entity.

78. In developing the simplified programming cycle, options for simplification – in both the pre-approval and post-approval phases of the cycle – have been explored on the basis of lessons learned from the programming cycles of comparator funds. An initial list of options is presented in table 4. Further analysis of lessons learned and experiences will be conducted, and the full operational model will be presented in the operational manual to be developed.

Table 4
Options simplification measures

Stage	Options	Details
2–3	1-step approval	• Requests for support are submitted in the form of "proposals". Concept notes are not required. • Proposals are approved by the Board in a 1-step approval (as opposed to the 2-step approval processes used by other funds).
2	Simplified templates	• Proposal templates will be simple, with clear annotated guidance and maximum page lengths. Mandatory annexes will be limited to only the minimum required information.
2	Simplified eligibility criteria	• Secretariat and independent panel reviews will be based on a simplified eligibility criteria.
2	Shortened review timelines	• Each iteration of Secretariat review will take up to 3 weeks. • Independent technical panel reviews will take up to 3 weeks.
3	Package approval of proposals	• Proposal approvals will be done as a package (e.g. as for GEF work programme approvals) rather than as individual proposal approvals (e.g. as for GCF proposal approvals which are done one at a time).
3	Approvals between Board meetings	• Criteria will be established for specific types or sizes of proposals to be approved by the Board between Board meetings (e.g. readiness support proposals under USD [X]).
3	Standardize legal agreement templates	• Use standardized legal agreement templates.
3	Simplified disbursement arrangements	• Shift away from annual disbursements and consider multi-year disbursements at project start, midterm and final evaluation. • Disbursements should not be tied to the approval of project reports (e.g. avoid the GCF approach where disbursement conditions require project reports to be cleared before disbursement requests are processed).
3	Fit-for-purpose triggers (rapid disbursement via direct budget support)	• Explore approaches for designing conditions/triggers for direct budget support and rapid disbursement that are fit-for-purpose and do not require complex data/information.
4	Simplified reporting	• Develop simplified requirements for reporting, focused on results and financial reporting, and consider multi-year reporting.
5	Flexible adaptive management	• Enable flexibility in making changes during implementation, with streamlined procedures for approving major amendments.
6	Streamlined monitoring and evaluation requirements	• Consider whether midterm evaluations would be necessary for all types/sizes of proposals and funding modalities. • Establish streamlined channels for learning from monitoring and evaluation activities, including feeding back lessons learned into the programme design phase.

Abbreviations: GCF = Green Climate Fund, GEF = Global Environment Facility.

X. Implementation framework for the start-up phase

79. In anticipation of the decisions of the Board regarding the proposal for the start-up phase, the Secretariat has identified a list of key activities, aligned with annex III of decision B.4/D.3, that will form the implementation plan (see table 5). The detailed implementation plan with the deliverables and timelines will be developed at a later stage. Note that the timelines are indicative and will be updated on the basis of the decisions of the Board.

Table 5
Tentative list of key activities and indicative timelines

No.	Activity	2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Developing the **proposal for the start-up phase** including: • Scope of bottom-up, inclusive, country-led and country-owned programming areas • Funding modalities to be prioritized in the start-up phase • Access modalities for the start-up phase: (1) blanket approval of a subset of entities already accredited to the AF, GEF and GCF; and (2) initial approaches for developing the simplified screening to determine functional equivalency for new entities • Financial instruments to be prioritized in the start-up phase • Resource allocation framework for the start-up phase • Initial approaches for developing the results management framework • Initial approaches for developing the simplified operational model	x	x						
2	Developing the **workplan for establishing a functioning Secretariat**	x	x						
3	Developing the **results management framework for the start-up phase**		x	x					
4	Developing the **simplified screening mechanism to determine functional equivalency for the start-up phase**		x	x					
5	Developing the **initial complementarity and coherence modalities** with the other entities in the funding arrangements		x	x					
6	Developing the **operations manual** including: • Simplified operational model • Programme/project approval cycle • Full description of the funding modalities and access modalities including eligibility criteria, processes, timelines etc.		x	x	x				
7	Developing the **monitoring and evaluation plan for the start-up phase**		x	x	x				
8	Developing the **initial approaches for the broader range of financial instruments**			x	x				
10	Developing the **communications plan**		x	x	x				
11	Developing the **budgeting framework**	x	x	x	x				
12	**Implementing the start-up phase operations**				x	x	x	x	x
13	Developing the **updated proposal** for the long-term operations of the Fund						x	x	x

Abbreviations: AF = Adaptation Fund, GCF = Green Climate Fund, GEF = Global Environment Facility.

Annex I

Non-exhaustive list of examples of activities under the programming areas

Addressing economic losses		
Create emergency income-generation opportunities, e.g. cash for work. Promote sustainable livelihoods and functioning of local markets, infrastructure and institutions, e.g. vocational training, asset building, value chain development, investments in small businesses, credit access for women's groups, and boosting local handicrafts and trade. Restore roads, bridges, connecting power supply systems, water and sanitation facilities. Rebuild community infrastructure essential to livelihoods and well-being, for example, village roads and bridges, water wells and canals, marketplaces and community centres. Restore core government functions. Undertake loss and damage assessments to understand urgent short-term needs. Strengthen social protection and other safety net programmes.	Conduct risk assessments to identify risks to physical infrastructure and livelihood assets, people and nature. Rebuild and make more resilient public infrastructure and assets such as schools, health centres, transport, irrigation, and power systems. Reconstruct and make more resilient private infrastructure and assets such as housing, community roads and community schools. Replacement of livelihood related assets – fisheries, livestock, agriculture, commerce and industry, cultural heritage and monuments. Setting up and strengthening early warning systems, forecasting/scenario planning tools particularly for slow onset events. Recovery of environmental assets including nature-based solutions for building resilience	Build capacities to develop national loss and damage strategies/plans including implementing relevant processes and systems to roll out the loss and damage strategies/plans. Build capacity for scaling up recovery programmes – risk assessment, loss, damage and needs assessments and modelling, public financial management, project management, proposal writing, monitoring and evaluating, etc. Develop and implement financing mechanisms to ensure predictable financing for recovery efforts. Develop education and awareness programmes particularly for slow onset event and building resilience. Strengthen data and decision-support system to inform resilient recovery planning, implementation and monitoring and evaluation. Strengthen policies and legislation (for mitigation, adaptation, loss and damage) based on lessons from recent disasters, including development of detailed provisions on disaster recovery. Strengthen institutions and strengthen social protection schemes.
Addressing non-economic losses		
Temporary housing for displaced persons, particularly vulnerable groups. Re-integration of survivors. Costs for care economy; supporting psychosocial needs for families in trauma, women who have faced gender-based violence and loss of culture/ heritage/ identity.	Restore and protect sacred archaeological sites, traditional customs/ practices/ knowledge, cultural landscapes. Relocation and resettlement and alternative employment/ livelihood programmes. Restore forests and protected areas, indigenous plant and animal species, underwater ecosystems. Establish remembrance programmes (e.g. museum exhibitions, school curricula, etc.) for lost cultural and natural heritage.	Provide training and capacity-building to reskill workforces. Develop education and awareness programmes for non-economic losses and building resilience. Implement financing mechanisms to ensure predictable financing for recovery efforts.

Annex II

Entities accredited to the Adaptation Fund, the Global Environment Facility and the Green Climate Fund (as at March 2025)

No.	Entity name	Type (national, regional, international)	Country/region	Accredited to (AF/ GEF/ GCF)	Implementation experience
1	Agence pour le Développement Agricole (ADA)	national	Morocco	AF, GCF	Yes
2	Agencia Chilena de Cooperación Internacional para el Desarrollo (AGCID)	national	Chile	AF	Yes
3	Banque Agricole du Niger (BAGRI)	national	Niger	AF	
4	Bhutan Trust Fund for Environmental Conservation (BTFEC)	national	Bhutan	AF, GCF	Yes
5	Centre de Suivi Ecologique (CSE)	national	Senegal	AF, GCF	Yes
6	Comisión Acción Social Menonita (CASM)	national	Honduras	AF	
7	Corporacion Nacional para el Desarrollo (CND)	national	Uruguay	AF, GCF	
8	Department of Environment Ministry of Health and the Environment (DoE)	national	Antigua and Barbuda	AF, GCF	Yes
9	Dominican Institute of Integral Development of Dominican Republic (IDDI)	national	Dominican Republic	AF	Yes
10	Environmental Management Agency (EMA)	national	Zimbabwe	AF	Yes
11	Environmental Project Implementation Unit (EPIU), State Agency of the Ministry of Environment	national	Armenia	AF, GCF	Yes
12	Fundacion Natura	national	Panama	AF	Yes
13	Fundecooperacion Para el Desarollo Sostenible	national	Costa Rica	AF	Yes
14	Mexican Institute of Water Technology (IMTA)	national	Mexico	AF	
15	Micronesia Conservation Trust (MCT)	national	Micronesia (Federated States of)	AF, GCF	Yes
16	Ministry of Environment, Rwanda (MOE)	national	Rwanda	AF, GCF	Yes
17	Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MOFEC)	national	Ethiopia	AF, GCF	Yes
18	Ministry of Finance and Economic Management (MFEM)	national	Cook Islands	AF, GCF	Yes

No.	Entity name	Type (national, regional, international)	Country/region	Accredited to (AF/ GEF/ GCF)	Implementation experience
19	Ministry of Finance, Tuvalu (MOF)	national	Tuvalu	AF	
20	Ministry of Planning and International Cooperation (MOPIC)	national	Jordan	AF	Yes
21	Ministry of Water and Environment, Uganda (MWE)	national	Uganda	AF, GCF	Yes
22	National Bank for Agriculture and Rural Development (NABARD)	national	India	AF, GCF	Yes
23	National Environment Management Authority (NEMA)	national	Kenya	AF, GCF	Yes
24	National Environment Management Council (NEMC)	national	Tanzania	AF	Yes
25	National Fund for Environment and Climate (FNEC)	national	Benin	AF, GCF	Yes
26	Palli Karma-Sahayak Foundation (PKSF)	national	Bangladesh	AF, GCF	Yes
27	Partnership for Governance Reform (Kemitraan)	national	Indonesia	AF, GCF	Yes
28	Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	national	Peru	AF, GCF	Yes
29	Planning Institute of Jamaica (PIOJ)	national	Jamaica	AF	Yes
30	Protected Areas Conservation Trust (PACT)	national	Belize	AF, GCF	Yes
31	South Africa National Biodiversity Institution (SANBI)	national	South Africa	AF, GCF	Yes
32	The Interprofessional Fund for Agricultural Research (FIRCA)	national	Côte d’Ivoire	AF, GCF	Yes
33	Unidad Para Cambio Rural Argentina (UCAR)	national	Argentina	AF, GCF	Yes
34	Alternative Energy Promotion Centre (Nepal) (AEPC)	national	Nepal	GCF	Yes
35	Banco de Comercio Exterior de Colombia S.A. (Bancoldex)	national	Colombia	GCF	
36	Banco de Desarrollo Productivo - Sociedad Anónima Mixta (BDP-S.A.M.)	national	Bolivia	GCF	
37	Banco Nacional de Desenvolvimento Econômico e Social (BNDES)	national	Brazil	GCF	
38	Banco Nacional de Obras y Servicios Publicos, S.N.C (BANOBRAS)	national	Mexico	GCF	
39	Bank of the Cook Islands (BCI)	national	Cook Islands	GCF	
40	Caixa Economica Federal (CEF)	national	Brazil	GCF	
41	CDG Capital S.A. (CDG_Capital)	national	Morocco	GCF	
42	Center for Implementation of Investment Projects within the Committee for Environmental Protection under the Government of the Republic of Tajikistan	national	Tajikistan	GCF	

No.	Entity name	Type (national, regional, international)	Country/region	Accredited to (AF/ GEF/ GCF)	Implementation experience
43	Cities and Villages Development Bank (Jordan) (CVDB)	national	Jordan	GCF	
44	Community Development and Investment Agency of the Kyrgyz Republic (ARIS)	national	Kyrgyzstan	GCF	
45	CRDB Bank Plc (CRDB)	national	Tanzania	GCF	Yes
46	Development Bank of Jamaica Limited (DBJ)	national	Jamaica	GCF	
47	Development Bank of Nigeria Plc (DBN Nigeria)	national	Nigeria	GCF	
48	Development Bank of the Philippines (DBP)	national	Philippines	GCF	
49	Development Bank of Zambia (DBZ)	national	Zambia	GCF	
50	DFCC Bank PLC (DFCCBank)	national	Sri Lanka	GCF	
51	Ecobank Ghana (Ecobank)	national	Ghana	GCF	Yes
52	Environmental Investment Fund (EIF)	national	Namibia	GCF	Yes
53	Federated States of Micronesia Development Bank (FSMDB)	national	Micronesia (Federated States of)	GCF	
54	Fiji Development Bank (FDB)	national	Fiji	GCF	Yes
55	Finanzas Y Negocios Servicios Financieros Limitada (FYNSA)	national	Chile	GCF	
56	Findeter	national	Colombia	GCF	
57	Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN)	national	Mexico	GCF	Yes
58	Fondo para la Acción Ambiental y la Niñez (FondoAccion)	national	Colombia	GCF	
59	Foreign Environmental Cooperation Center of the Ministry of Ecology and Environment of China (formerly Foreign Economic Cooperation Office) (FECO)	national	China	GCF, GEF	Yes
60	Fundo Brasileiro para a Biodiversidade (Funbio)	national	Brazil	GCF, GEF	Yes
61	IDFC Bank Ltd (India) (IDFCBank)	national	India	GCF	
62	Indo Enviro Integrated Solutions Private Limited (formerly IL&FS Environmental Infrastructure and Services Limited) (IEISPL)	national	India	GCF	
63	Infrastructure Development Bank of Zimbabwe (IDBZ)	national	Zimbabwe	GCF	
64	Infrastructure Development Company Limited (Bangladesh) (IDCOL)	national	Bangladesh	GCF	Yes
65	Jamaica Social Investment Fund (JSIF)	national	Jamaica	GCF	

No.	Entity name	Type (national, regional, international)	Country/region	Accredited to (AF/ GEF/ GCF)	Implementation experience
66	JS Bank Limited (Pakistan) (JSBank)	national	Pakistan	GCF	Yes
67	JSC TBC Bank (JSCTBC)	national	Georgia	GCF	
68	KCB Bank Kenya Limited (KCB)	national	Kenya	GCF	
69	Korea Development Bank (KDB)	national	Republic of Korea	GCF	Yes
70	Korea International Cooperation Agency (KOICA)	national	Republic of Korea	GCF	
71	La Banque Agricole (formerly Caisse Nationale de Credit Agricole du Senegal) (LBA)	national	Senegal	GCF	Yes
72	Land Bank of the Philippines (Landbank)	national	Philippines	GCF	Yes
73	Moroccan Agency for Sustainable Energy S.A. (MASEN)	national	Morocco	GCF	
74	Nacional Financiera, S.N.C., Banca de Desarrollo (Nafin)	national	Mexico	GCF	
75	National Committee for Sub-National Democratic Development (NCDD)	national	Cambodia	GCF	
76	National Rural Support Programme (Pakistan) (NRSP)	national	Pakistan	GCF	Yes
77	National Trust for Nature Conservation (Nepal) (NTNC)	national	Nepal	GCF	
78	Nepal Investment Mega Bank Limited (NIMB)	national	Nepal	GCF	
79	PT Sarana Multi Infrastruktur (Indonesia) (PTSMI)	national	Indonesia	GCF	
80	Small Industries Development Bank of India (SIDBI)	national	India	GCF	Yes
81	Trade and Development Bank Joint Stock Company (TDBM)	national	Mongolia	GCF	Yes
82	Vietnam Development Bank (VDB)	national	Viet Nam	GCF	
83	XacBank JSC (Mongolia) (XacBank)	national	Mongolia	GCF	
84	Yes Bank Limited (India) (YesBank)	national	India	GCF	
85	Zambia National Commercial Bank PLC (ZANACO)	national	Zambia	GCF	
86	Banque Ouest Africaine de Developpement (BOAD)	regional	Togo	AF, GCF, GEF	Yes
87	Caribbean Community Climate Change Centre (CCCCC)	regional	Belize	AF, GCF	Yes
88	Caribbean Development Bank (CDB)	regional	Barbados	AF, GCF	Yes
89	Central American Bank for Economic Integration (CABEI)	regional	Honduras	AF, GCF	Yes

No.	Entity name	Type (national, regional, international)	Country/region	Accredited to (AF/ GEF/ GCF)	Implementation experience
90	Development Bank of Latin America (CAF)	regional	Venezuela (Bolivarian Republic of)	AF, GCF, GEF	Yes
91	International Center for Integrated Mountain Development (ICIMOD)	regional	Nepal	AF	Yes
92	Sahara and Sahel Observatory (OSS)	regional	Tunisia	AF, GCF	Yes
93	Secretariat of the Pacific Regional Environment Programme (SPREP)	regional	Samoa	AF, GCF	Yes
94	The Pacific Community (SPC)	regional	New Caledonia	AF, GCF	Yes
95	Attijariwafa Bank (AWB)	regional	Morocco	GCF	
96	CARICOM Development Fund (CDF)	regional	Barbados	GCF	
97	Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (CIFI)	regional	Panama	GCF	
98	Fundación Avina	regional	Panama	GCF	Yes
99	Indian Ocean Commission (IOC)	regional	Mauritius	GCF	
100	Instituto Interamericano de Cooperación para la Agricultura (IICA)	regional	Costa Rica	GCF	
101	Development Bank of Southern Africa (DBSA)	regional	South Africa	GCF, GEF	Yes
102	Cassa Depositi e Prestiti Equity (CDP Equity)	international	Italy	GCF	
103	Austrian Development Agency (ADA)	international	Austria	GCF	
104	Agence Française de Dévelopement (AFD)	international	France	GCF	Yes
105	Cooperation Technique Belge (BTC-CTB)	international	Belgium	GCF	
106	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	international	Germany	GCF	Yes
107	Lux-Development SA (Lux-Dev)	international	Luxembourg	GCF	Yes
108	African Development Bank (AfDB)	international	Côte d'Ivoire	AF, GEF, GCF	Yes
109	Asian Development Bank (ADB)	international	Philippines	AF, GEF, GCF	Yes
110	European Bank for Reconstruction and Development (EBRD)	international	United Kingdom	AF, GEF, GCF	Yes
111	Food and Agriculture Organization of the United Nations (FAO)	international	Italy	AF, GEF, GCF	Yes
112	Inter-American Development Bank (IADB)	international	United States	AF, GEF, GCF	Yes
113	International Fund for Agricultural Development (IFAD)	international	Italy	AF, GEF, GCF	Yes

No.	Entity name	Type (national, regional, international)	Country/region	Accredited to (AF/ GEF/ GCF)	Implementation experience
114	United Nations Development Programme (UNDP)	international	United States	AF, GEF, GCF	Yes
115	United Nations Environment Programme (UNEP)	international	Kenya	AF, GEF, GCF	Yes
116	United Nations World Food Programme (WFP)	international	Italy	AF, GCF	Yes
117	United Nations Educational, Scientific and Cultural Organization (UNESCO)	international	France	AF	Yes
118	United Nations Human Settlements Programme (UN-HABITAT)	international	Kenya	AF	Yes
119	United Nations Industrial Development Organization (UNIDO)	international	Austria	AF, GEF, GCF	Yes
120	World Bank (International Bank for Reconstruction and Development) (IBRD)	international	United States	AF, GEF, GCF	Yes
121	World Health Organization (WHO)	international	Switzerland	AF	
122	World Meteorological Organization (WMO)	international	Switzerland	AF	Yes
123	Conservation International (CI)	international	United States	GEF, GCF	Yes
124	International Union for Conservation of Nature (IUCN)	international	United States	GEF, GCF	Yes
125	World Wildlife Fund (WWF-US)	international	United States	GEF, GCF	Yes
126	European Investment Bank (EIB)	international	Luxembourg	GCF	
127	Acumen Fund, Inc. (Acumen)	international	United States	GCF	Yes
128	Africa Finance Corporation (AFC)	international	Nigeria	GCF	Yes
129	Asian Infrastructure Investment Bank (AIIB)	international	China	GCF	
130	BNP Paribas S.A. (BNP_Paribas)	international	France	GCF	
131	Camco Management Limited (CAMCO)	international	United Kingdom	GCF	Yes
132	CGIAR System Organization (CGIAR)	international	France	GCF	
133	Compañia Española de Financiación del Desarrollo (COFIDES)	international	Spain	GCF	Yes
134	Crédit Agricole Corporate and Investment Bank (CACIB)	international	France	GCF	
135	Deutsche Bank AktienGesellschaft AG (DeutscheBank)	international	Germany	GCF	Yes
136	HSBC Holdings plc and its subsidiaries (HSBC)	international	United Kingdom	GCF	
137	IDB Invest	international	United States	GCF	Yes
138	International Finance Corporation (IFC)	international	United States	GCF	Yes

No.	Entity name	Type (national, regional, international)	Country/region	Accredited to (AF/ GEF/ GCF)	Implementation experience
139	International Tropical Timber Organization (ITTO)	international	Japan	GCF	
140	Islamic Development Bank (IsDB)	international	Saudi Arabia	GCF	
141	Japan International Cooperation Agency (JICA)	international	Japan	GCF	Yes
142	Macquarie Alternative Assets Management Limited (MAAML)	international	Australia	GCF	Yes
143	Meridiam SAS (Meridiam)	international	France	GCF	
144	MUFG Bank, Ltd	international	Japan	GCF	Yes
145	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)	international	Netherlands	GCF	Yes
146	Nordic Environment Finance Corporation (NEFCO)	international	Finland	GCF	Yes
147	Pegasus Capital Advisors (PCA)	international	United States	GCF	Yes
148	responsAbility Investments AG (responsAbility)	international	Switzerland	GCF	
149	Save the Children Australia (SCA)	international	Australia	GCF	Yes
150	SK Securities, Co., Ltd. (SK Securities)	international	Republic of Korea	GCF	
151	Société de Promotion et de Participation pour la Coopération Economique, SA (PROPARCO)	international	France	GCF	
152	Sumitomo Mitsui Banking Corporation (SMBC)	international	Japan	GCF	
153	Terra Global Capital, LLC (Terra Global)	international	United States	GCF	
154	The Nature Conservancy (TNC)	international	United States	GCF	
155	United Nations Children's Fund (UNICEF)	international	United States	GCF	

Abbreviations: AF = Adaptation Fund, GCF = Green Climate Fund, GEF = Global Environment Facility.

Annex III

Examples and benchmarks from other funds' resource allocation frameworks

1. **Non-formula-based caps and floors** are seen in several funds where "cap" refers to the maximum amounts of funding and "floor" refers to the minimum amounts of funding any particular country or groups of countries can expect to receive of the funding period.

2. **Formula-based approaches** are also commonly used: certain indices and weightings are computed using a mathematical formula that produces a numerical output for determining the specific funding allocation for a country.

3. The table below presents the benchmarks which are non-exhaustive and further comprehensive assessments can be conducted, depending on the decisions of the Board.

Organization	Type of allocation	Description
Adaptation Fund	Country cap	USD 20 million cap per country for single country projects
	Programming cap	Technical assistance caps: • Readiness grants < USD 150,000 o Technical assistance grants for environmental and social policy < USD 25,000 o Technical assistance grants for gender policy < USD 10,000 o Project formulation grants (national entities) < USD 50,000 Funding window caps: o Single country projects < USD 10 million o Regional projects < USD 14 million o Enhanced direct access (national entities) < USD 5 million per country o Project scale-up grants (national entities) < USD 100,000 o Small grants for innovation (national entities) < USD 250,000 o Large grants for innovation < USD 5 million o AF Climate Innovation Accelerator < USD 250,000 per project/programme o Learning grants (national entities) < USD 150,000
Green Climate Fund	Programming balance target	50:50 balance for climate mitigation and adaptation Readiness support: o Capacity-building for NDAs <USD 4 million o Capacity-building for LDCs/SIDS NDAs <USD 0.32 million per country over 4 years o Adaptation planning and NAPs < USD 3 million o Direct access entity support <USD 1 million per entity over 4 years Project Preparation Facility grants < USD 1.5 million Simplified approval process projects <US D 25 million
	Country group floors	At least 50% of adaptation financing is allocated for LDCs, SIDS and African States
Global Environmental Facility	Country cap (formula-based approach) for the GEF Trust Fund	The GEF System for Transparent Allocation of Resources (STAR) is a performance-based framework used for calculating country allocations over the 4-year cycle. STAR is applied to allocate a share of biodiversity, climate change and land degradation focal area to countries.

Organization	Type of allocation	Description
		STAR consists of the following higher-level indices and sub-indices: o Global Benefits Index (GBI) weighted at 0.8, including sub-indices for biodiversity, climate and land degradation o Country Performance Index (CPI) weighted at 1.0 including sub-indices for GEF portfolio performance and institutional assessment o Gross Domestic Product Index (GDPI) weighted at –0.16, including GDP per capita Based on each country's values for each of the indices, STAR assigns a country score for each country. *Country score* $= CPI^{1.0} * GBI^{0.8} * GDP^{-0.16}$ Using the country score, a country share is calculated: *Country share = country score ÷ sum of country scores for all STAR recipient countries* Each country's preliminary STAR allocation in each focal area is calculated as follows: *Preliminary STAR country allocation = country share * STAR resources* Floors and ceilings are then applied iteratively to determine each country's initial STAR country allocation in each focal area: *Initial STAR country allocation = preliminary STAR country allocation adjusted for floors and ceilings* • LDCs/SIDS floors: o Biodiversity > USD 4 million o Climate change > USD 2 million o Land degradation > USD 2 million • Non-LDCs/SIDS floors: o Biodiversity > USD 3 million o Climate change > USD 1 million o Land degradation > USD 1 million • Focal area ceilings: 6% for each focal area
Pandemic Prevention Preparedness and Response Fund	Country cap	Single country proposals < USD 25 million
European Union Solidarity Fund	Country cap	Maximum amount of advance payments: 25% with a cap of EUR 100 million
Global Shield against Climate Risks	Prioritization of countries	A country prioritization framework is used. Criteria include: o Poverty: Poverty Headcount Ratio at USD 3.65[a] o Climate and disaster risk, with risk being a function of hazard, exposure and vulnerability: INFORM index o Readiness: governance readiness, CDRFI policy environment and market readiness ▪ Governance readiness: ND-GAIN index ▪ CDRFI policy environment sub-indicator ▪ Market readiness: ND-GAIN index and WB Global Findex data

Abbreviations: CDRFI = climate and disaster risk finance and insurance, LDC = least developed country, NAP = national adaptation plan, NDA = national designated authority, ND-GAIN = Notre Dame Global Adaptation Initiative, SIDS = small island developing State, WB = World Bank.

[a] This index quantifies the number of people living on less than USD 3.65 per day and thus helps to categorize countries based on the share of people living in poverty.