



# Climate Proofing the Sandy Bay water service improvement project, St. Vincent

Module: Identifying and attracting potential climate funds for building the climate resilience of a specific water supply system



# Background

- **This module is a knowledge product** developed as part of the ‘*Climate proofing the Sandy Bay water services improvement project, St. Vincent*’ funded by



- The project aims to **assist Central Water and Sewerage Authority in delivering safe and sustainable water supply services to communities in the Sandy Bay area of St. Vincent** - focusing on support toward the preparation of a project appraisal document for submission for funding.



- Implemented between January 2016 and March 2017 by a consortium made of :



**HR Wallingford**  
*Working with water*



**ACCLIMATISE**  
building climate resilience

- Project partners:



**Caribbean Community  
Climate Change Centre**



**Global Water  
Partnership  
Caribbean**

# What module is it?

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## **Module 1:**

Understanding climate risks and vulnerabilities for a specific water supply system

## **Module 2:**

Identifying and appraising options to build climate resilience of a specific water supply system

## **Module 3:**

Identifying and appraising the costs and benefits of building the climate resilience of a specific water supply system

## **Module 4:**

Identifying and attracting potential climate funds for building the climate resilience of a specific water supply system

# Objectives of this module

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- **Aim:** Provide guidance and awareness on identifying and accessing climate funding options for water supply projects, focusing on examples from the Sandy Bay project.
- **Audience:** Project developers

# Contents of this module

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- **Introduction to climate finance**
- **How to get started?**
- **Overview of 4 entry points:**
  - Step 1** – Identify potential funding options
  - Step 2** – Assess the implementing modalities
  - Step 3** – Appraise and select potential funding options
  - Step 4** – Lay the groundwork
  - Step 5** – Develop the proposal/ concept note
- **Exercise** – Assess what climate funds meet your project's needs

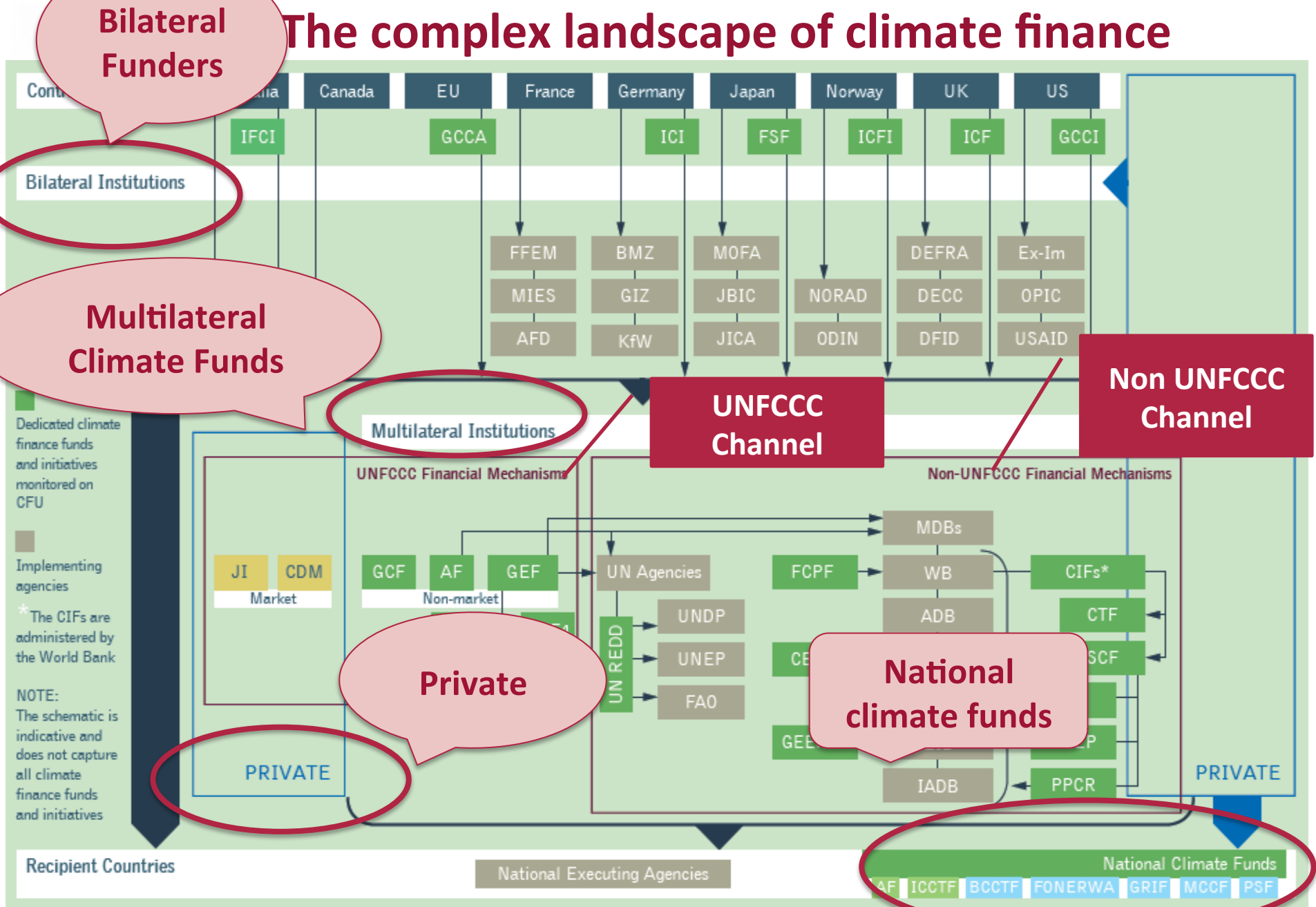
# Introduction to climate finance

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## Climate Finance – a new priority ...

- Adapting to climate change and reducing greenhouse gas emissions requires **mobilisation of financial resources on a large scale**
- Financing of the necessary activities is being carried out in a **complex setting**:  
Resources are channeled through **bi- and multilateral channels of cooperation** and a number of **international funds and financing mechanisms**
- Climate finance **initiatives are heterogeneous**, with diverse modes of access and funding priorities
- National public finance systems often face difficulties in **absorbing the additional funding** and stakeholders often **lack a full overview of financing options**

# The complex landscape of climate finance



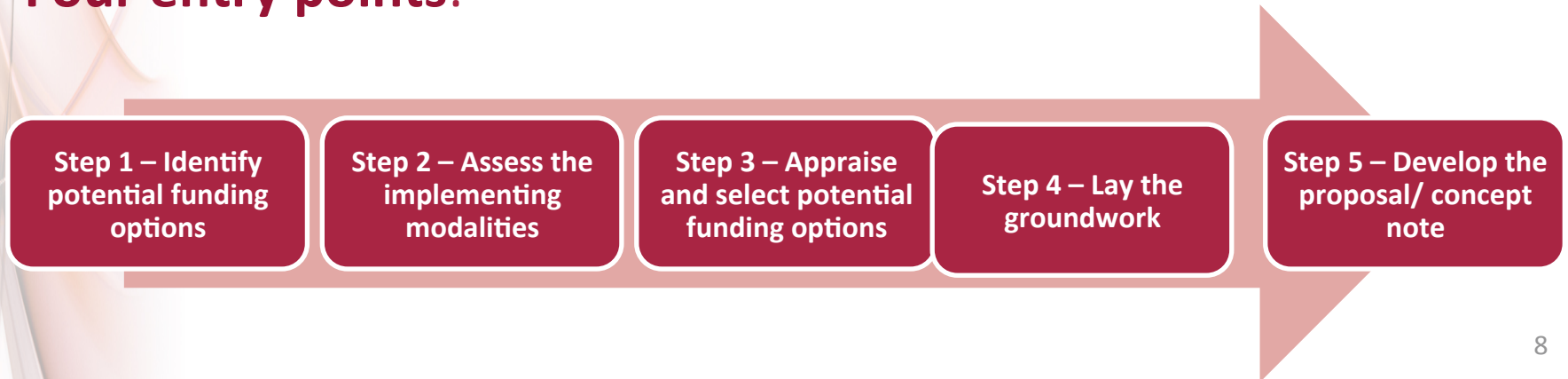
# How to get started?

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## Key considerations:

1. What are the climate funds that are available ?
2. How can you access them?
3. How do you select a specific climate fund?
4. How do you pitch your project to this specific climate fund?

## Four entry points:





# Step 1 – Identify potential funding options

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4- Lay the groundwork

Step 5– Develop the proposal/ concept note

- Review the online Climate Funds Update website (ODI, Heinrich Böll Stiftung North America) <http://www.climatefundsupdate.org/>
- Consult the relevant ministry dealing with external development aid for your country about climate funding sources available
- Create a long list of climate funds available that may be appropriate for your project (based on the previous two steps)

# Example: Climate Funds available for St Vincent & The Grenadines

## **UNFCCC & Multilateral**

Green Climate Fund (GCF)  
Adaptation Fund (AF)  
Global Environmental Fund (GEF) Trust Fund – GEF-5/GEF-6  
Special Climate Change Fund (SCCF)  
WB Pilot Program for Climate Resilience (PPCR)

## **Bilateral**

Germany's International Climate Initiative (IKI)  
EU/European Development Fund 11th (EDF 11th)  
UK Caribbean Infrastructure Partnership Fund

## Step 2 – Assess the implementing modalities

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop the proposal/ concept note

- Assess the implementing modalities in terms of project implementing and executing entities, project appraisal and approval processes, timeframes and planning of identified activities for each of the climate funds identified in your long list
- For each the shortlisted funds, identify the following parameters:
  - Mandate/objectives
  - Funding available and approved
  - Country cap (if relevant)
  - Project size
  - Project review criteria
  - Project application process
  - Access modalities
  - Project approval process
- Record all the information in a matrix

# Example- Green Climate Fund (I)



**Mandate:** The GCF aims to promote a paradigm shift and help developing countries transform their economies and put them on a low emission and climate-resilient pathway.

**Total funding pledged:** USD 10.3 billion

**Approved:** USD 424.6 million

## **Project size:**

- Micro scale (less than USD 10 million)
- Small scale (between USD 10 and 50 million)
- Medium scale (between USD 50 and 250 million)
- Large scale (over USD 250 million)

## **Financial instruments:**

Grant, concessional loans, guarantees and equity

## **Project review criteria**

- Investment criteria: impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership, efficiency and effectiveness

## **Project application process:**

- Throughout the year on a rolling basis or responding to Request for proposals<sup>12</sup>

# Example- GCF (II)



## Access modalities :

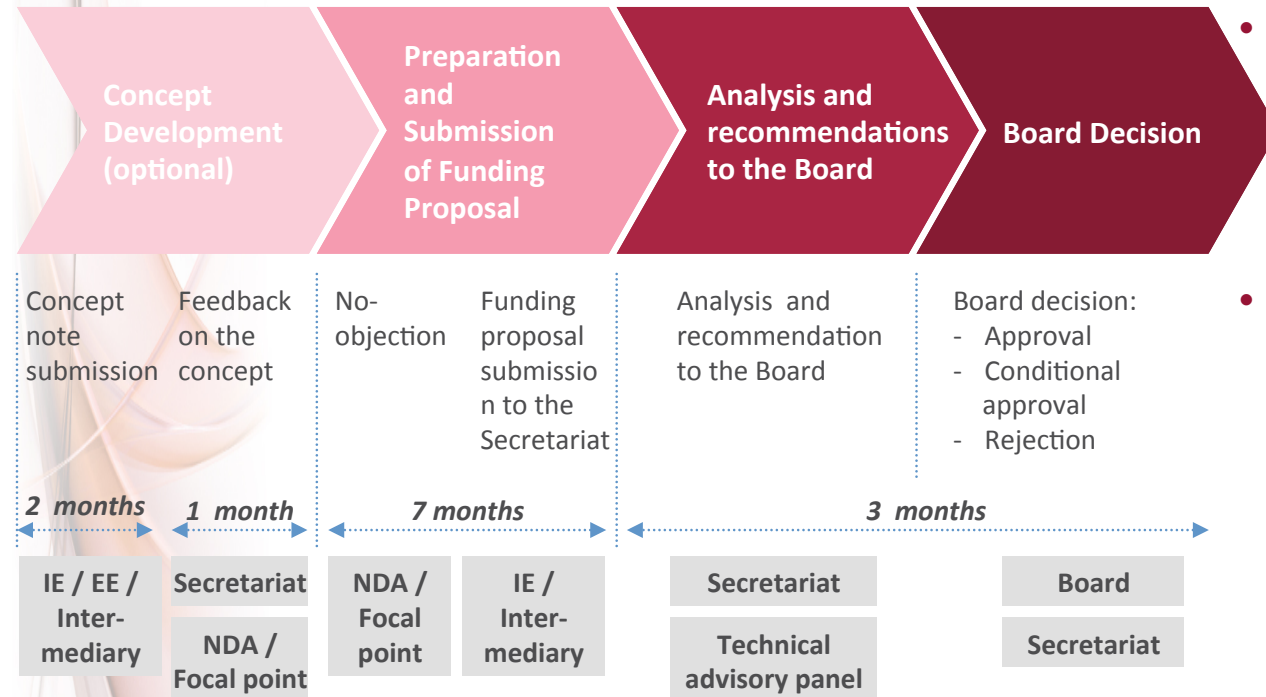
- Country ownership through National Designated Authority (NDA) and “no-objection” procedure
- Access through accredited multilateral, regional and national entities- see next slide

## Project approval process:

- Project approval process involves NDA, implementing entities (IE) and GCF Secretariat, Board and Advisory Panel.
- 13 months from concept note submission to final project approval
- *Deadline- submission at least three weeks before the Board meeting*

- **For micro and/or small-sized proposals (less than USD 50 million), a simplified approval process is being discussed.**

- A pilot RFP may be launched targeting small-scale activities in SIDS and LDCs in the areas of serving urgent adaptation needs and other priorities.



# Example- GCF (III)

## Implementing Entities of the GCF



Source: <http://www.greenclimate.fund/partners/accredited-entities/ae-directory>

## Step 3 – Appraise and select potential funding options

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

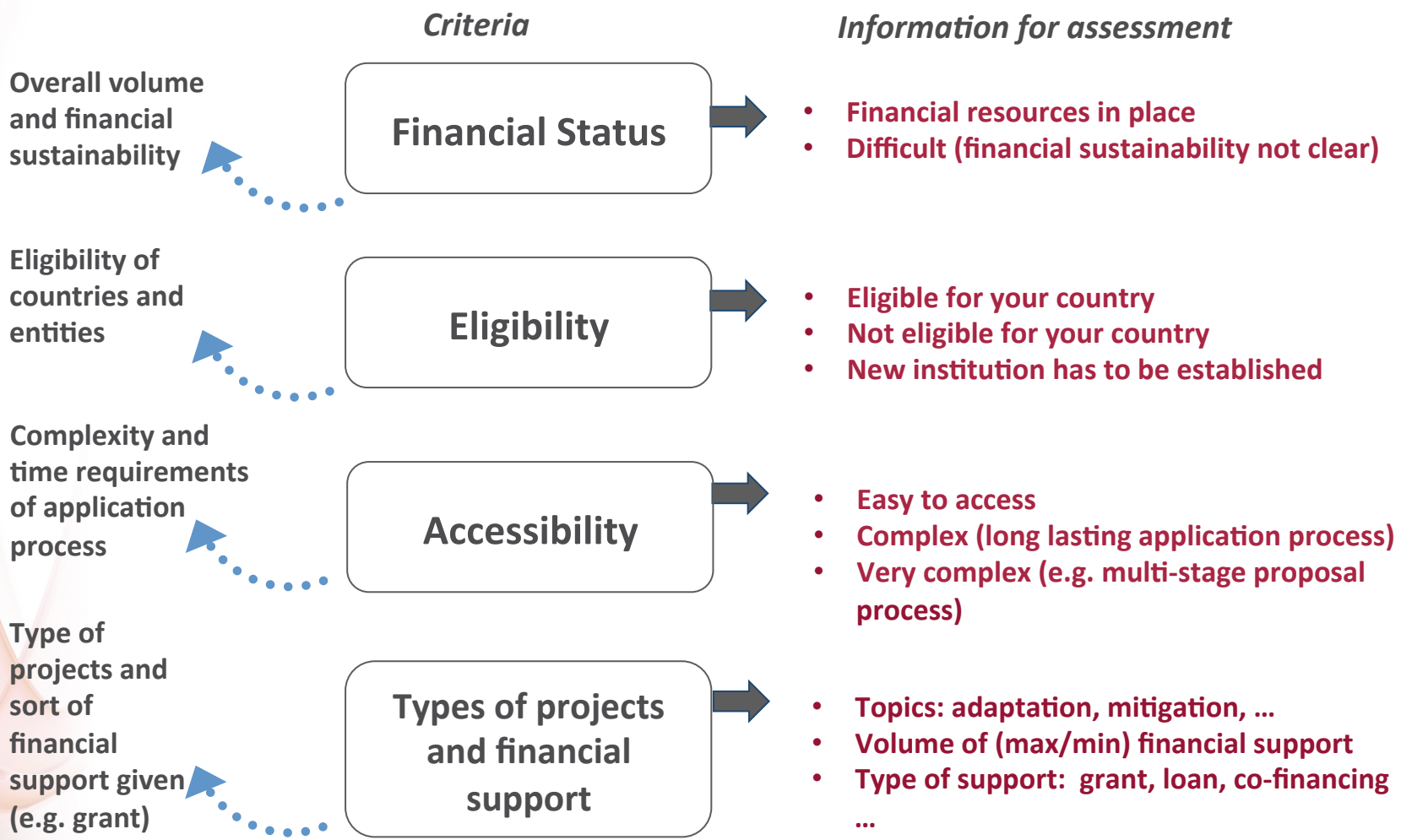
Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop the proposal/ concept note

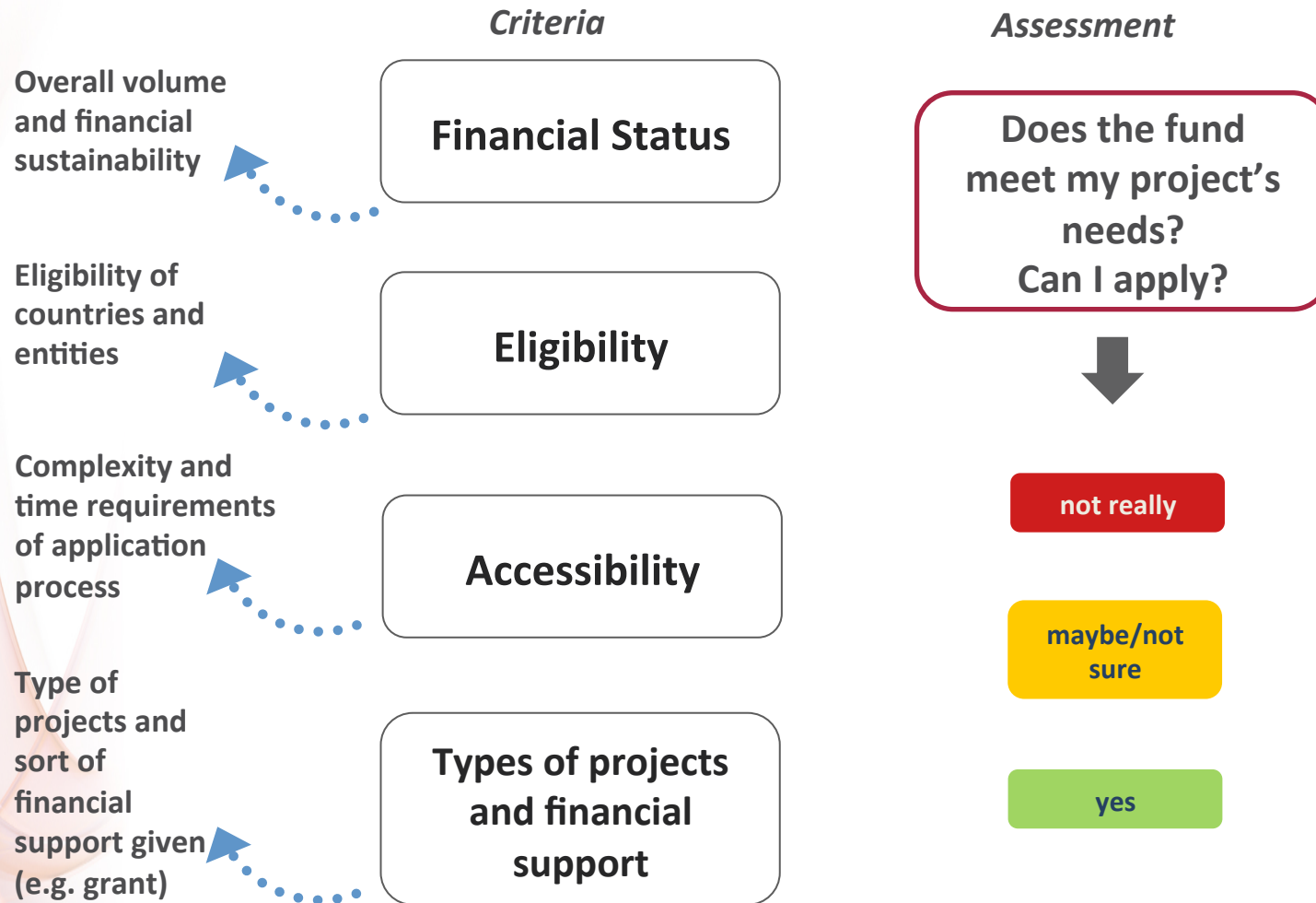
- Using the matrix prepared under the previous step, discuss and select potential criteria for appraising and selecting a potential funding option. Potential criteria are provided in the next slides
- Discuss and agree on a weighting system for each of the selected criteria (total weight should equal to 100%)
- Assess and score each funding option against all selected criteria
- Sum up the total score of each funding option
- Rank all funding options from the highest to the lowest score

# Potential Option Mapping Criteria





# Potential Option Mapping Criteria



## Step 3 – Appraise and select potential funding options

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop the proposal/concept note

### ➤ Questions for consideration:

- Which fund best fits your project's needs?
- What steps would be necessary in order to get access to the fund?
- Where do you see options and/or difficulties for your organisation in applying for a fund? Why

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop a proposal for funding application

## Step 4 – Lay the groundwork (1)

- **Once you have selected the climate fund, set up a team to work on the project funding application.**
- **Engage with the Fund’s National Designated Authority or Focal point in your country** to communicate intention of developing a proposal and seek assistance.
- **Consult the Implementing Entity that will support your funding proposal** (if this is a Fund’s requirement). When selecting an Implementing Entity, identify areas of expertise that they can provide to assist the development of the proposal (e.g. budgeting, economic and financial analysis, Prefeasibility and feasibility studies, M&E, etc.).
- **Check the fund calendar for upcoming submission deadlines** which generally coincide with the Fund Board meetings. Ensure you leave yourself enough time to prepare the proposal.

# Step 4 – Lay the groundwork (2)

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop the proposal/ concept note

## Example – The GCF concept note form

PART A: Project/Programme Information

PART B: Project/Programme Details

PART C: Financing / Cost Information

PART D: Expected Performance against Investment Criteria

PART E: Brief Rationale for GCF Involvement and Exit Strategy

PART F: Risk Analysis

PART G: Multi-Stakeholder Engagement

PART H: Status of Project/Programme

PART J: Supporting Documents

PART I: Remarks

- **Check if the selected fund requires a one-step (full proposal) or two-step application (concept note followed by full proposal).** It should be noted that while for some funds it may be a voluntary step, developing a concept note is highly recommended as experience has shown that it leads to better proposals, by providing the opportunity to start a dialogue with the fund.

- **Read the proposal or concept note template and guidance documents.**

- **Check what supporting evidence is required, such as (1) map indicating the location of the project/programme; (2) Financial/economic analysis; (3) Pre-feasibility Study or Feasibility Study ; and, (4) Environmental and Social Impact Assessment**

# Step 4 – Lay the groundwork (3)

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop the proposal/concept note

- **Review examples of past proposals submitted to the selected fund** to see what may be expected from a proposal.
- **Collect and review baseline information**, including :
  - (1) Relevant scientific information about the impacts of and risks posed by climate change in your country, if an adaptation project;
  - (2) National greenhouse gas inventories if a mitigation project;
  - (3) Information on your country's relevant national priorities and strategic frameworks for sustainable development, poverty reduction, and climate change etc.;
  - (4) National vulnerability and risk assessments, economic studies, and other research including past project evaluations, undertaken by other organisations (research centres, universities, NGOs etc.);
  - (5) Any new data required to fill in gaps in knowledge (e.g. vulnerability mapping, surveys, CBA etc.).
- **Consult with key stakeholders** including the target group (especially vulnerable communities, minority groups), government staff from different ministries or departments, other relevant organisations, and sector experts.

# Step 5 – Develop the proposal or concept note (1)

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop the proposal/concept note

## Research

<b>Step 1</b>	<b>Scoping and situation analysis</b>	Identifying the context for the intervention, including the existing situation (baseline), causes to problems, potential solutions, and stakeholder views.
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## Developing the results framework

<b>Step 2</b>	<b>Developing the logic model</b>	Identifying how the project/programme will logically lead, from activities to outputs, to outcomes, objective and goal, so that the desired change is achieved.
<b>Step 3</b>	<b>Assessing risks and assumptions</b>	Identifying assumptions for the logic model to occur, and risks to the project/programme, including environmental and social risks in line with the Fund's Environmental and Social Policy.
<b>Step 4</b>	<b>Assigning indicators to measure progress</b>	Identifying relevant indicators to measure the project/programme, including setting baseline measures and targets.
<b>Step 5</b>	<b>Aligning project to the Fund's strategic results framework</b>	Aligning project objective and outcomes to the Fund's strategic results framework. Fund's indicators must also be selected.

Step 1 – Identify potential funding options

Step 2 – Assess the implementing modalities

Step 3 – Appraise and select potential funding options

Step 4 – Lay out the groundwork

Step 5 – Develop the proposal/concept note

## Step 5 – Develop the proposal or concept note (2)

### Developing the results framework

Step 6	<b>Knowledge management</b>	Describing what knowledge management products will be created and shared (e.g. best-practice guidelines for a specific climate change adaptation measure).
Step 7	<b>Monitoring and evaluation plan</b>	Describing how deliverables and results will be measured, and how progress will be tracked from baseline to targets.
Step 8	<b>Budget and timeline</b>	Identifying the cost of the project/programme, and the timeline including start and end dates, and key milestones.
Step 9	<b>Sustainability</b>	Describing how the benefits will last beyond the funding period.

### Finalising the template

<b>Writing the proposal</b>	Putting all the information gathered into the template.
<b>Signoff</b>	Getting the signoff from the relevant authority and entity.

# Tips for writing a proposal

- Compile and review the concept note/proposal templates and any relevant guidance from the selected fund's website.
- Use simple, clear language to answer all the questions.
- Use tables and bullet points where required to present information clearly and simply.
- Have the proposal reviewed by one or more people for clarity and grammar etc.
- Provide relevant documentation and supporting evidence (e.g. Map indicating the location of the project/programme, Pre-feasibility Study, Feasibility Study, Environmental and Social Impact Assessment)





# Exercise

# What you can expect to learn from this exercise

- To understand international climate finance options and the modalities for accessing funds in relation to the needs of your country
- To identify the modalities for accessing climate funds
- To assess what climate funds match your country's needs

# Agenda

- Criteria for Option Mapping
- Exercise
- Reflections

# Option Mapping Criteria

Overall volume and financial sustainability

**Financial Status**



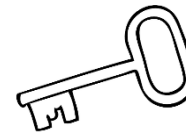
Eligibility of countries and entities

**Eligibility**



Complexity and time requirements of application process

**Accessibility**



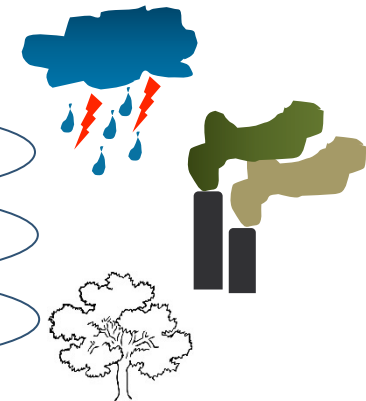
Type of projects and sort of financial support given (e.g. grant)

**Types of projects and financial support**

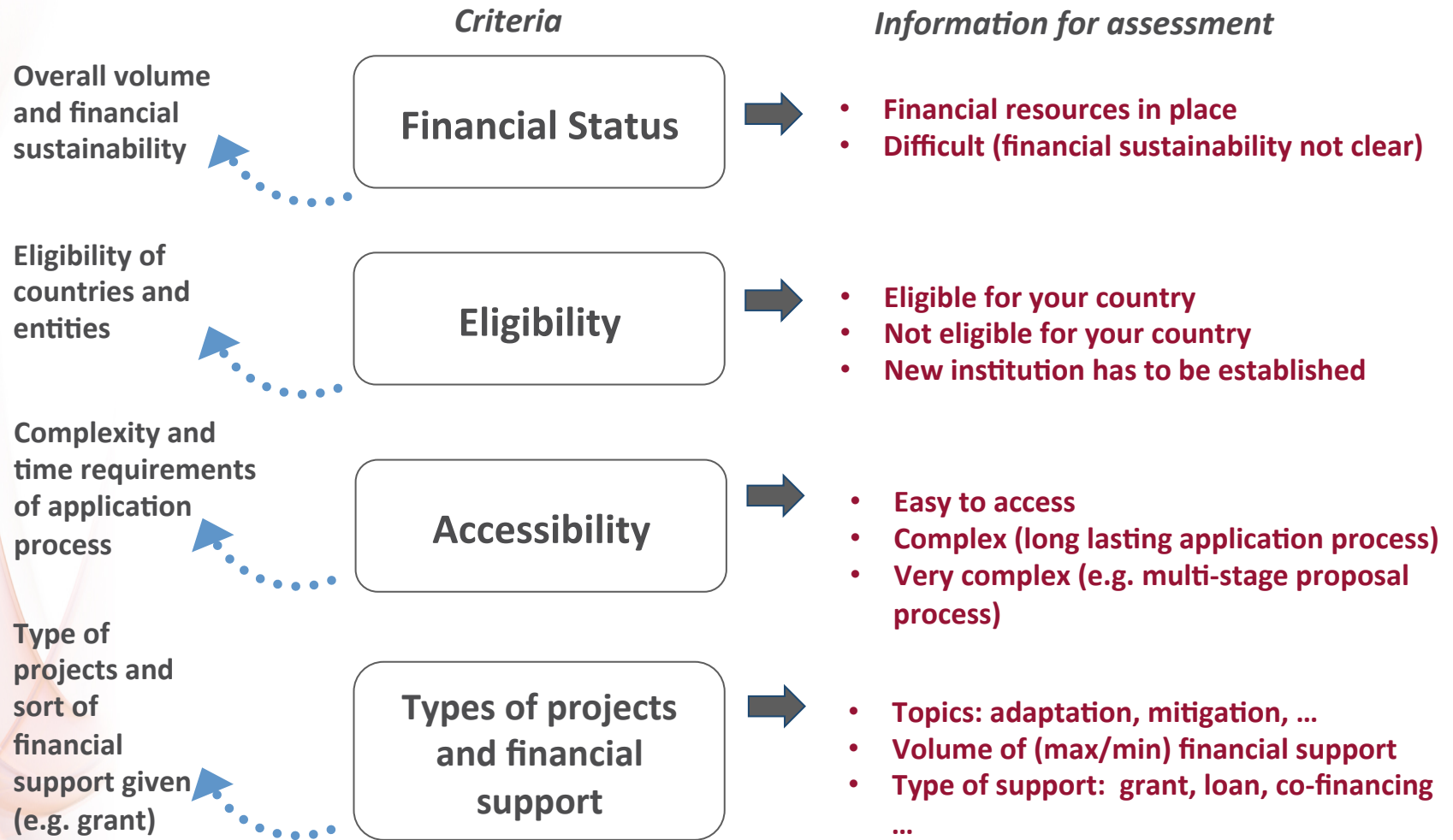
adaptation

mitigation

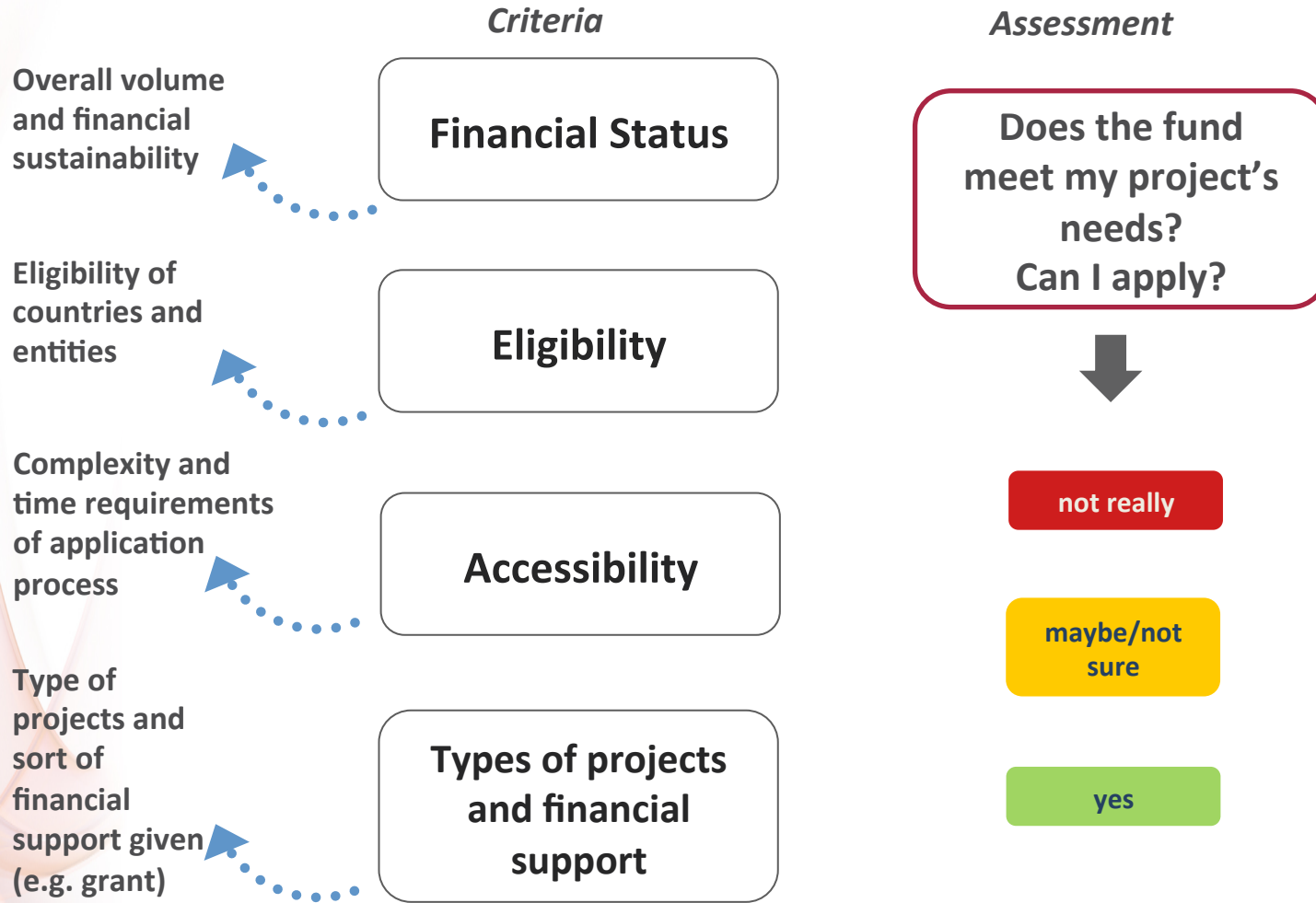
biodiversity



# Option Mapping Criteria



# Option Mapping Criteria



# Option Mapping Exercise

## Selected Climate Funds

**Fund  
Option no 1**

**Fund  
Option no 2**

**Fund  
Option no 3**

**Fund  
Option no 4**



**To do this exercise, please use the funds shortlisted in the matrix you have prepared !**

# Option Mapping Exercise

	XYZ-Fund	Fund no 1	Fund no 2	Fund no 3	Fund no 4
<i>Financial status</i>	agreed \$ XXX billion but ....	?	?	?	?
<i>Eligibility</i>	difficult because ...	?	?	?	?
<i>Accessibility</i>	complex because ...	?	?	?	?
<i>Types of projects and financial support</i>	adaptation, grants, ...	?	?	?	?





# Option Mapping Exercise

**Now it is your turn to do the exercise!**

➤ Break up in **groups of 4-5 people (one group per fund)**

➤ As a group, follow these **instructions:**

**Step 1** Briefly screen the relevant information on your fund (see hand-out)

**Step 2** Match the information you collected according to the four criteria

**Step 3** Illustrate your assessment by choosing cards by colour according to your assessment of whether your country should and can apply for the fund (green = yes, yellow = maybe, red = no) and write down a brief explanation of your assessment

➔ **For information on the funds please review the matrix you have prepared !**

# Option Mapping – Reflections

- Which fund best fits your project's needs?
- What steps would be necessary in order to get access to the fund?
- Where do you see options and/or difficulties for your organisation in applying for a fund? Why?

# Thank you !

