TOOLKIT

EASING ACCESS TO CLIMATE FINANCE

for Local CSOs in India

K2A KNOWLEDGE TO ACTION

TARA Scalable Solutions for People and Our Planet

ABOUT THE TOOLKIT

Ensuring accessible climate finance for Civil Society Organizations (CSOs) is crucial for the effective utilization of available resources. To support this, the Society for Technology & Action for Rural Advancement (TARA) has developed a toolkit designed to equip CSOs with the knowledge and tools necessary to engage with climate finance opportunities. This toolkit simplifies climate finance for local, sub-national, and national CSOs in India by breaking down complex terminology and addressing information gaps.

The toolkit follows the following structure:

Toolkit for Easing Access to Climate Finance for Local CSOs

- **Part I – International Mechanisms for Climate Financing**
  - **Multilateral Funding**: UNFCCC Mechanisms (GCF, AF, GEF); Non-UNFCCC Mechanisms (UN Agencies, MDBs)
  - **Bilateral Funding**: GCCA+ (EU), USAID (USA), JICA (Japan) GIZ, BMZ (Germany), AfD (France), SDC (Switzerland)
  - **Private Funding**: International Philanthropy Funding
- **Part II – Domestic Mechanisms for Climate Financing**
  - **Private Funding Mechanisms**: Carbon Credits, Blended Finance, CSR, Peer-to-Peer Lending, Crowdfunding, Social Stock Exchange
- **Annexures**
  - Glossary for Climate Taxonomies,
  - NGO Darpan Registration
  - Toolkit Glossary
  - About the Consultations

THIS TOOLKIT WILL BE RELEVANT FOR:

- Civil Society Organisations
- Academic Institutions & Think Tanks
- Social Entrepreneurs

What Classifies as Local Civil Society Organizations (CSOs)?

While there is no defined classification of civil society organisations in India. Local CSOs, in this toolkit, have been defined as CSOs of a smaller scale that are based at village, block, or at most district level and work directly with the communities. They may be called local implementation partners in some but not all cases.

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Scalable Solutions for People and Our Planet

PART 1

International Sources for Financing Climate Action

FOR CSOs IN INDIA

PUBLICATION

A Toolkit to Ease Access to Climate Financing for Local Civil Society Organisations in India

TITLE PART 1

International Sources of Financing a Climate Project for Local CSOs in India

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DISCLAIMER

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The Knowledge2Action Toolkit aims at de-jargonising climate finance for the local CSOs in India. Meant to be a practical guide, this Toolkit is segmented into three parts. Part 1 covers International Sources of Financing a Climate Project, Part 2 focuses on Domestic Sources of Financing a Climate Project and Part 3 details the finance tools available to support climate project funding.

Primary Audience: CSOs at the National, Sub-National and Local Level

Secondary Audience: Aggregators, think-tanks, academic institutions and other entities providing training, networking and ecosystem support to CSOs working on climate adaptation, mitigation, loss and damage etc.

For more information, write to us at policy@devalt.org

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Foreword

India is one of the most climate-vulnerable countries in the world, ranked 5th in terms of vulnerability to climate change. The nation faces immense risks to its environment and people, with the financial toll being equally severe—an estimated US$ 9–10 billion annually due to the adverse effects of climate change, affecting agriculture, infrastructure, and overall economic growth. In this context, acknowledging and making provisions for the colossal financial resources required to support initiatives that facilitate climate mitigation and adaptation in India is paramount – putting the spotlight on climate finance.

Despite global efforts to mobilize significant financial resources, Civil Society Organizations (CSOs) face numerous barriers in accessing these funds. These barriers include gaps in information about available climate financing options, limited capacity to identify suitable funding sources, difficulties in navigating complex application processes, a lack of understanding of what qualifies as a climate-positive project, and an insufficient grasp of climate taxonomies.

This toolkit has been designed to address these challenges by bridging the information gap and equipping CSOs at local, sub-national, and national levels with the knowledge and tools needed to navigate both international and domestic climate finance sources. By demystifying and simplifying the complex landscape of climate finance, this toolkit empowers CSOs to access funding more effectively, enabling them to implement high-impact projects that drive sustainable development.

I would like to express my appreciation to the team at Technology and Action for Rural Advancement (TARA) for coming up with this Toolkit on Easing Access to Climate Finance for Local CSOs in India. This toolkit marks the beginning of a transformative journey, and I look forward to seeing its broad impact. Hoping that this initiative reaches communities and organisations with climate finance opportunities, and builds partnerships and collaborations going forward.

Swayamprabha Das

Dr. Swayam Prabha Das
AVP and Lead - Policy Research and Planning
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Persona Wise Identification

Local CSOs

Definition:

Operate at grassroot level, focusing on community-based initiatives within a specific geographical area, such as a village or district.

Activities:

Engaged in hands-on projects, such as, but not limited to, pond rejuvenation, sustainable agriculture, rural development, climate literacy, climate resilience, etc.

Best Bet(s):

UNFCCC Funding

GEF Small Grants Programme;

AF Small Grants via AFCIA;

GCF Readiness and Preparatory Support Programme Grants.

Best Bet(s):

Non-UNFCCC Funding

UN Agencies – UNDP for small grants programme, IFAD for rural development projects, UNEP for ecosystem-based adaptation funds;

MDBs- Microfinance opportunities through ADB, WB;

Bilateral Funding- GCCA+ for climate resilience projects, USAID and JICA for small grants and technical assistance, GIZ for pilot project funding, AfD for implementing community-level implementation and SDC for promotion of local programs.

Sub-National CSOs

Definition:

Operate across a broader region, such as state/s, and work on scaling up local interventions to wider areas.

Activities:

Engaged in, but not limited to, regional policy implementation, capacity building for local CSOs, coordinating large-scale environmental projects like watershed management or disaster risk reductions.

Best Bet(s):

UNFCCC Funding

GEF Enabling Activities;

AF Readiness Package Grants, Project Scale Grants, Large Grants;

GCF Readiness and Preparatory Support Programme Grants, Simplified Approval Process

Best Bet(s):

Non-UNFCCC Funding

UN Agencies- UNDP, UNEP, IFAD for technical assistance, policy advocacy and capacity building;

MDBs- World Bank, EBRD, ADB for co-financing opportunities;

Bilateral Funding- GIZ, BMZ for capacity building and project expansion.

National CSOs

Definition:

Operate across an entire country, often focusing on advocacy, policy development and large-scale program implementation.

Activities:

Engage in activities including, but not limited to, national policy advocacy, research, and the implementation of large-scale projects such as national and state action plans, and climate mitigation initiatives.

Best Bet(s):

UNFCCC Funding

GEF	Full-Sized Projects, Medium-Sized Projects
AF	Small-Sized Projects, Regular-Sized Projects
GCF	Project Approval Full-Sized Projects

How to navigate through Part - I?

International Financing Mechanisms for a Climate Project for Local CSOs in India

Section 1: International Financing Mechanisms Overview

Provides an overview of the global climate finance ecosystem by mapping out the various international financing mechanisms.

Section 1.1: Multilateral Financing Platforms under UNFCCC

Details the key multilateral climate funds under the UNFCCC framework, including the Global Environment Facility, Adaptation Fund, and Green Climate Fund. It explains their focus areas, accreditation process and its required documentation, and how to apply for the various funding modalities within them.

Section 1.2: Multilateral Financing Platforms under Non-UNFCCC

Delves into UN Agencies and Multilateral Development Banks and details their focus areas, core functions, and where applicable, the funding scopes and application procedures.

Section 1.3: Bilateral Financing Platforms

Covers the funding scopes and the eligibility criteria for project funding from countries like the European Union, United States, Japan, Germany, France, and Switzerland.

Section 1.4: International Philanthropy in Climate Finance

Lists the roles of philanthropy along with its funding mechanisms, strategies for engaging with them, and examples of prominent philanthropic organisations.

You can read these sections in sequence or independently, depending on your immediate needs. Each section is self-contained and provides the information necessary for specific areas of interest.

SECTION 1

INTERNATIONAL FINANCING MECHANISMS FOR A CLIMATE PROJECT

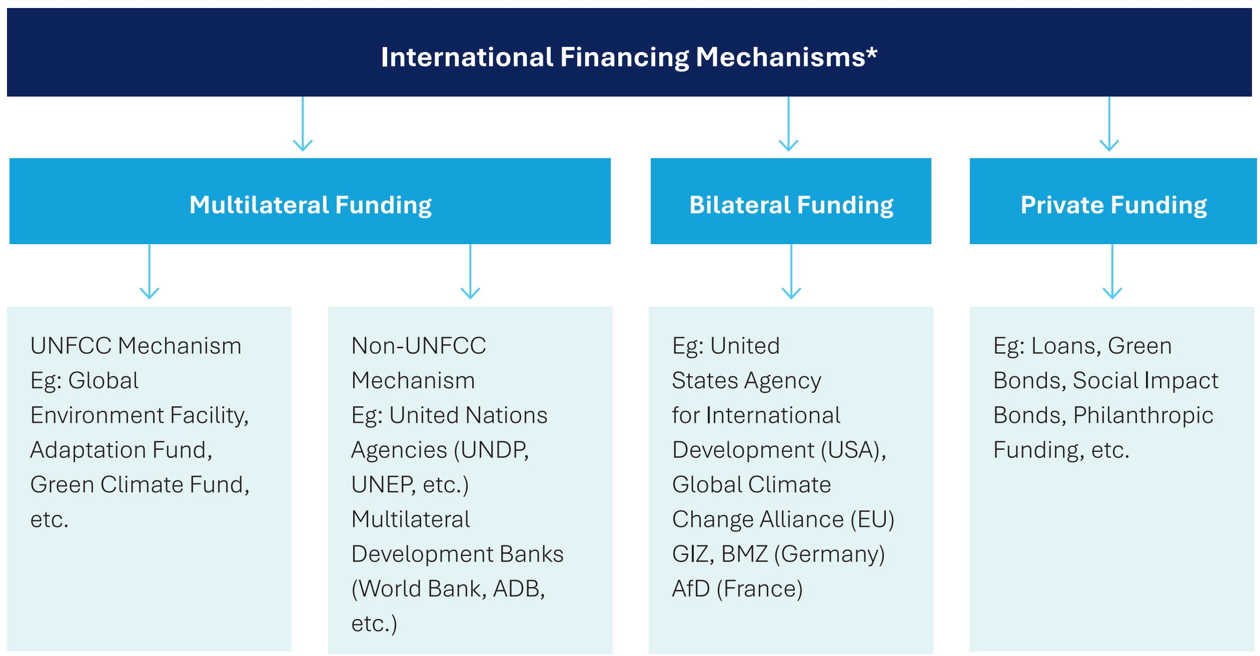
The objective of Part 1 of the toolkit is to provide insights to sub-national, national, regional, and local entities, such as – CSOs, NGOs, etc. about the funding flows and application process of a climate project within the international sphere.

Understanding this would enable the CSOs to:

- Track financial resources
- Allow for a clearer understanding of who is involved in the funding process
- Prepare for available funding opportunities in the international financing ecosystem

Mapping of International Financing Mechanism

Given below is a flow chart of the prevalent international financing mechanisms available in the ecosystem.



** This is an non-exhaustive list of the available mechanisms*

FIGURE 1: International Financing Sources

Source: Adapted from Climate Finance Toolkit for Europe and Central Asia

Please Note: *Part 1 of the toolkit will follow a structure like the international financing mechanism map. It will cover multilateral funding, including both UNFCCC and Non-UNFCCC mechanisms; bilateral funding and its various mechanisms from different countries; international private funding, including philanthropic funding.*

Multilateral Climate Funding

Multilateral climate funding combines contributions from multiple (developed or developing) nations to support projects addressing climate change. These funds are often coordinated through international organisations, government institutions, etc. The international financial mechanism mapping indicates that multilateral funding includes both UNFCCC and Non-UNFCCC mechanisms. The next section covers UNFCCC mechanisms and its financing platforms. Next, the non-UNFCCC mechanisms will be explored, which covers United Agencies and Multilateral Development Banks.

CHARACTERISTICS OF MULTILATERAL CLIMATE FUNDING

- Emphasis on fairness and recognises the responsibilities and capacities of developed and developing nations. For example- delivering financial aid to developing countries facing climate risks.
- Supporting diversified projects that align with the global climate objectives as set in the Conference of Parties (COP), etc. For example – financing/ funding renewable energy, reforestation, sustainable agriculture, and climate-resilient infrastructure.

Section 1.1

Multilateral Financing under UNFCCC

Financing Platforms available under UNFCCC

Under UNFCCC, various financing and funding platforms are available to support climate action and assist countries in achieving their climate goals. **Noteworthy platforms are the Green Climate Fund, Adaptation Fund, Global Environment Facility, Climate Investment Funds, United Nations, etc**. These international platforms mobilise resources and enables developing countries to take climate action and transition to a low-carbon and climate-resilient pathway.


Image by Freepik

Section 1.1 (A)
Global Environment Facility (GEF)
Glossary

1. **GEF ACCREDITATION:** A process were Organisations (Governments, Academic Institutions, CSOs, NGOs) are officially recognized under GEF to be capable and trustworthy to carry out their projects.
2. **GEF ACCREDITATION PANEL:** Comprises of 3 members who review the 2nd stage of the accreditation process, namely the Criteria Based Review.
3. **GEF (PARTNER) AGENCY/IES:** These are 10 accredited organisations who create project proposals and manage these projects on ground with the funds received from GEF. These Agencies also pool their resources from their projects to other grassroot CSOs and NGOs.
4. **AGENCY FEES:** The financial resources provide to the GEF (Partner) Agencies to carry out a project.
5. **GEF CHIEF EXECUTING OFFICER (CEO):** GEF CEO endorses/supports projects under GEF. Currently, Carlos Manuel Rodríguez is the CEO and chairman of GEF.
6. **GEF COUNCIL:** Refers to the GEF's governing body who develop, adopt, evaluate the funding modalities under GEF.
7. **CHILD PROJECT:** Refers to an individual project under the Program Modality.
8. **CONVENTION SECRETARIATS:** They are teams that manage international agreements about protecting the environment.
9. **COUNTRY PROGRAMME STRATEGY (CPS):** Under the Small-Grants Programme, this refers to a game plan to tackle environmental challenges and outlines the country's priorities and goals for protecting the environment.
10. **ENABLING ACTIVITIES (EA):** A funding modality under GEF, it refers to a project for the preparation of a plan, strategy, or report to fulfil an international environmental agreement.
11. **GEF FIDUCIARY STANDARDS:** These are certain standards that must be prevalent within the GEF (Partner) Agencies and as well as in the agencies applying for funding and accreditation within GEF.
12. **FINANCIAL PROCEDURES AGREEMENT (FPA):** Outlines the financial terms and conditions that potential GEF Agencies must adhere to when managing funds provided by the GEF.
13. **FULL-SIZED PROJECT (FSP):** A funding modality under GEF, it refers to a project which finances more than US$ 2 million to the GEF Agencies.
14. **LEAD AGENCY:** An agency that coordinates all activities under the Program funding modality.
15. **MEDIUM-SIZED PROJECT (MSP):** A funding modality under GEF, it refers to a project which finances less than US$ 2 million to the GEF Agencies.
16. **MSP APPROVAL REQUEST:** A document asking for permission to use GEF money for a fully planned MSP.
17. **NATIONAL COORDINATOR:** They explain the Small-Grants Programme under GEF to the interested communities.
18. **NATIONAL STEERING COMMITTEE:** They are the main decision-making body of SGP in a country. Most of its members come from non-governmental organisations.
19. **OPERATIONAL FOCAL POINT (OFP):** They are usually a government staff person who ensure that GEF proposals and their activities are consistent with the country's priority and its commitments.
20. **GEF PROJECT AGENCY:** These are organisations approved by GEF to get money and carry out projects, besides the main ten GEF Agencies.
21. **PROJECT CONCEPT:** Refers to the basic idea or outline of a project that is proposed to receive funding from the GEF.

22. **PROJECT IDENTIFICATION FORM (PIF):** Outlines the basic idea of a FSP or MSP project is about and includes the financing that is required for these projects.

23. **PROJECT PREPARATION GRANT (PPG):** The funding that is provided to support a FSP or MSP under GEF.

24. **PROJECT DOCUMENT:** A plan that outlines the details and objectives of a the various GEF funding modalities.

25. **PROJECT FRAMEWORK DOCUMENT (PFD):** The document that tells what the concept of the Program funding modality is proposing.

26. **PROGRAM:** A funding modality under GEF, it refers to the longer-term and strategic arrangement of individual projects that aim at achieving large-scale impacts on the global environment.

27. **SECRETARIAT:** They run GEF's work and follows up on the decisions from the Council, manages programs, ensures policies are followed with GEF Agencies, and organizes collaboration between agencies and with Convention Secretariats.

28. **SCIENTIFIC AND TECHNICAL ADVISORY PANEL (STAP):** Experts advising GEF on scientific and technical matters related to the environment.

29. **SMALL-GRANTS PROGRAMME (SGP):** Under GEF funding, SGP provides grants to CSOs, NGOs and CBOs ranging up to US$ 2,000 to US$ 50,000.

30. **WORK PROGRAM:** This includes PIFs and PFDs of applicants applying for FSP.

Global Environment Facility

The Global Environment Facility (GEF) is a major funder of projects for the global environmental protection and sustainable development across 186 countries.

Application for funding under GEF can be made in two ways, **a general application or an application under their Small Grants Programme (SGP).** Before applying for funding for general application, each applicant needs to get their organisation accredited to GEF. However, for SGP, the condition to get accreditation with the agency does not exist.

Scan the QR Code to visit the GEF website.

Areas of Focus

BIOLOGICAL DIVERSITY

CLIMATE CHANGE MITIGATION AND ADAPTATION

LAND DEGRADATION

OCEAN HEALTH

CHEMICALS AND WASTE

Ticket Size

The GEF provides funding through the below mentioned modalities.

Accreditation Requirement	Funding Modalities		Project Funding Range	Grantees	Funding Route
Accreditation IS required for accessing these modalities	**General Application**	Full-Sized Projects (FSPs)	Projects financing more than US$ 2 million	National Governments, Private Sector Companies, Research Institutions, Civil Societies	GEF
		Medium-Sized Projects (MSPs)	Project financing up-to US$ 2 million		
		Enabling Activities (EA)	Project financing up-to US$ 1 million (will be submitted through a GEF Agency[1]) Project financing up- to US$ 500,000 (will be submitted through Direct Access[2])	CSOs, NGOs, CBOs, National Governments, Private Sector Companies, Research Organisation, Indigenous People Organisation	GEF, UN Agencies, Multilateral Development Banks
Accreditation is NOT required to access these modalities	**Small Grants Program**		Project financing from US$ 25,000 to US$ 150,000		GEF- United Nations Development Program

TABLE 1: GEF Funding Modalities

1 GEF Agencies are accredited agencies that have been approved by the GEF Council. The approved fund is transferred through these Agencies.

2 Direct access refers to the ability of entities in developing countries to directly access funds for climate change projects without intermediaries.

WHAT IS PROGRAM AND CHILD MODALITY?

GEF also offers a “Program and Child Project Modality” which refers to a project structure that addresses complex and interconnected environmental challenges at both regional and global levels. While Program aims to achieve large scale impacts on the global environment, Child Projects are individual projects that address a specific aspect or component of the broader environmental challenges targeted under the Program. The diagram below highlights how GEF Funding Modalities work.

Note: Program and Child Project Modalities are given in detail in the further sections

Accreditation is NOT required to access this funding.

GEF FUNDING MODALITIES

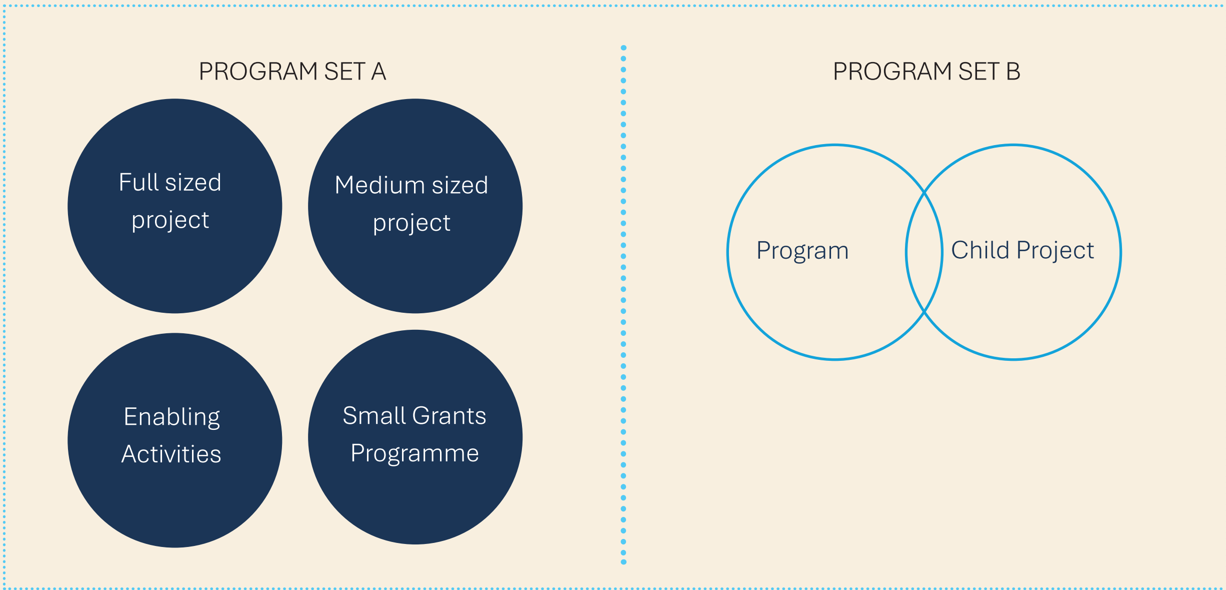


FIGURE 2: Mapping of GEF Funding Modalities

Only accredited CSOs/NGOs can apply for funding (Full – Sized and Medium-Sized Projects) under the Global Environment Facility.

Accreditation under GEF

The accreditation form of GEF is submitted online and is submitted to *accreditation@thegef.org.*

GEF accreditation is a formal process through which agencies become recognized as implementing partners for GEF-funded projects.

Eligibility Criteria

The GEF Council has endorsed an accreditation procedure with the following eligibility criteria:

1. **Endorsement by the relevant Country Operational Focal Point (OFP) is required for all applicants.** *Details of OFP of India is highlighted below.*
2. Applicants must demonstrate strategic alignment and clear value addition to the GEF partnership.[3]
3. Compliance with GEF Fiduciary Standards and potential policies on environmental, social safeguards, and gender mainstreaming adopted by the Council.

Scan the QR Code to view the Fiduciary Standards of GEF.

Each accreditation seeking applicant is obligated to pay a fee covering the Accreditation Panel Review (US$ 25,000) and other associated Secretariat costs.

WHAT IS THE OFP?

The OFP coordinates all GEF-related activities within a country. The OFP reviews project ideas, checks against eligibility criteria, and ensures that new project ideas will not duplicate an existing project. The role of the Operational Focal Point (OFP) is to:

- Assess the suitability of the Entity applying for GEF accreditation and provide a letter of endorsement to confirm this.
- After an Entity obtains the GEF Accreditation, provide the entity with a letter of support when they apply for funding and/or develop a project within GEF.
- Oversee GEF activities at the country level, examining project concepts for eligibility and preventing duplication with existing projects.

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Political Focal Point since 2023-10-17
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Scan the OR Code to view the template of the Letter of Endorsement by the OFP for Entities applying for accreditation.

3 Expanded further in the documents required to secure GEF accreditation.

Documents Required

Applicant agencies seeking accreditation are required to substantiate their claims with relevant background information, contact details, and documentation – this includes the entity's name, institution type, address, and contact person information. Furthermore, this section of the toolkit provides information on the mandatory and conditional documentation that applicant agencies need to complete as part of the accreditation process. The sections and sub-sections of the documents required are given below.

Section I:
Background Information

Section II:
Endorsement by GEF OFPs

Section III:
Core Value – Added Review Criteria

Section III contains six sub-sections within it, namely:

- **Sub-section II.1:** Relevance to GEF
- **Sub-section II.2:** Demonstration of Environmental or Climate Change Adaptation Results
- **Sub-section II.3:** Scale of Engagement
- **Sub-section II.4:** Capacity to Leverage Co-Financing
- **Sub-section II.5:** Institutional Efficiency
- **Sub-section II.6:** Networks and Contacts

Section IV:
Additional Value – Added Review Criteria

Section IV contains two sub-sections within it, namely:

- **Subsection III.1:** National Institutions (NI)
- **Subsection III.2:** CSOs, NGOs and Regional Organisations (RO)

> ***Please Note:*** *The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the accreditation process. The list below is not exhaustive, and additional documents may be required.*

The necessary and/or conditional documents needed for the above-mentioned sections are in the below tables.

Mandatory documents for GEF Accreditation:

Document Category	Documents
About the Organisation	1. Organisational Profile 2. Yearly Capacity Statement 3. 5 Latest Project Contracts & Reports
Environment Impact Evaluation Reports	Up to last 5 years - 1. Terminal Project Evaluations[4] 2. Project Implementation Evaluations
Reform Documents	Up to last 5 years - At least 5 Administrative and Project Budget Reports[5]
Collaboration Partners list	1. Partnership Map 2. Collaboration Reports and Statements

TABLE 2: Mandatory documents for GEF Accreditation

Additional information/documentation needed from International NGOs, National Institutions (NIs), UN Agencies and Other (non-regional) International Organisation:

Document Category	Documents for NIs	Documents for UN Agencies	Documents for NGOs & ROs
About the Organisation	-	Strategy Plan[6]	
Country Ownership	Published reports on how NIs will help GEF enhance country ownership[7]	-	-
Collaboration Partners list	-	Local NGO Collaboration Records & Knowledge Products	
Prior Execution of GEF Projects	-	-	Terminal project evaluations or project implementation reports[8]

TABLE 3: Additional documents for GEF accreditation

4 Includes the outcome ratings, project size, largest financed project, co-Financing aggregated statistics reports.
5 Includes the breakdown of project financing type and project approval timelines.
6 Outline alignment plan with GEF.
7 Outline how will NIs implementation of GEF projects will ensure that GEF funding is more closely matched with a country's priorities to create global environmental benefits.
8 Outline previous GEF projects or specific components handled by the independent entity under GEF Agency supervision.

ACCREDITATION OF NEW AGENCIES

The 5th replenishment of GEF launched a pilot which allowed **accreditation of new agencies** to expand collaboration choices for countries. In this, **GEF Council prioritizes accrediting representing diverse GEF regions and country groups such as the least developed countries (LDCs), small island developing states (SIDs), and middle-income countries (MICs).** GEF aims to accredit at least one national institution from a LDC and one from a MIC. **Eligibility for applying also extends to regional organisations, UN specialised agencies, programs, other international organisations, and NGOs.** The Secretariat will review applications from regional organisations andNGOs until at least five national agencies are approved by the Council.

Application Process

The accreditation process is given below –

Stage 1: OFP Approval, Value- Added Review and Council approval

Scan the QR Code to view the Stage 1 accreditation application of GEF.

OFP Endorsement and Submission of Application

1. **Identify Target Countries:**

   Entities interested in applying for accreditation should identify one or more countries with which they would be interested in implementing a project.

2. **Confirm Operational Focal Point (OFP) Support:**

   - Entity to confirm that the OFP will endorse their application as a **GEF Project Agency.**
   - The Project Agency endorsement letter should specify the project or type of project that the potential Agency would implement or execute upon accreditation.

3. **Discuss and Agree on Project Concept:**

   - Entities to engage with the OFP(s) of the selected country/countries and reach an agreement on a **potential Project Concept.**
   - After agreeing on a Project Concept, OFP to sign the endorsement letter.

4. **Submit Application with Key Information:**

   Describe how the entity will enhance the GEF partnership based on Value-added Review Criteria[9]

9 Required documents are mentioned in the previous section of GEF.

The Secretariat and GEF Council Approval

1. **The Secretariat conducts a Value-added Review on all applications it receives:**
   - Secretariat to assess applications based on set Value-added Review Criteria[10].
   - They evaluate the potential Project Agency's value to the partnership and strategic fit within the GEF.
   - Applicants of accreditation must meet the criteria established by the Council to proceed to the next step[11].
2. **For each meeting, the Secretariat prepares a report to the GEF Council** which includes a list of recommended agencies, and reports detailing how these agencies have met the Value-added criteria along with their relevant scores. Following the Secretariat and GEF Council decision, GEF CEO writes to the approved applicants inviting them to submit a Stage 2 Application. Before proceeding to the Stage 2, applicants will have to give an accreditation fee.

Please Note: *The Secretariat informs each applying entity of its approval or rejection status.*

To be considered complete, Stage 1 Applicants should send a cover letter to the GEF CEO from the applying entity's CEO which accompanies the necessary application materials.

Stage 2: Criteria Based and Accreditation Panel Review

The Stage 2 of the accreditation form is not available online for general viewing. The Criteria Based Review assessment questions will be asked/sent by the Accreditation Panel.

Accreditation Panel

The Accreditation Panel comprises three members skilled in project implementation, governance, environmental and social safeguards, and gender mainstreaming.

Criteria Based Review

The Criteria Based Review has 3 steps attached to it:

- A preliminary assessment of the applicants which is usually done through a desk review. Here, the Panel may ask for more documents and/or seek clarification on the applicant's capabilities.
- A written assessment of the applicants, with the Panel categorising the applicants under "Approve," "Requires Further Review," or "Rejection" after the assessment.
- If there's disagreement, and at least one Panel member scores "Requires Further Review," the application falls into that category and will be asked to submit further documents to meet the Panel's accreditation standard.

Please Note:

- *The Secretariat will reject incomplete submissions.*
- *Applicants have 45 days to respond to requests for additional documentation by the Secretariat or the Panel, failure to do so may also lead to rejection.*
- *The Panel offers detailed feedback for rejected applicants, but those showing commitment may move to Stage 3 conditionally.*
- *Sighing the Financial Procedures Agreement (FPA) waits until the Panel confirms to the applicant's full loyalty to the GEF Fiduciary Standards. The applicant is given 6-months' time to follow up on this, failure to meet the standards within the given time frame will lead to restarting the accreditation process.*

10 Required documents are mentioned in the previous section of GEF.
11 Required criteria is mentioned in the previous section of GEF.

Stage 3: MoU and Financial Procedures Agreement

1. Approved applicants commit to following GEF policies and procedures through a Memorandum of Understanding (MoU), which also outlines how the Agency will seek GEF resources from the Secretariat. This agreement will also detail the obligations of both the Secretariat and the approved entity.
2. The FPA comes before any GEF funding and involves both the Agency and the Trustee, which is the International Bank for Reconstruction and Development (IBRD)[12]. The FPA provides rules for keeping records, reporting, auditing, and investing the transferred funds.
3. **Upon the MoU and the FPA conclusion, the entity becomes accredited**, and they can submit Project Identification Forms (PIFs) for GEF trust fund resources.

Additional Information

1. **Confidentiality:** Information obtained from applicants is confidential, used solely by the GEF Secretariat and Accreditation Panel.
2. **Application Language:** All submissions, including applications, must be in English.
3. **Procedure Updates:** The GEF Secretariat periodically revises accreditation procedures, including application forms, based on Council decisions and advice from the Accreditation Panel.
4. **Reaccreditation after Suspension:** Reserved for instances like financial mismanagement or significant geopolitical changes affecting agency competency.

12 Role of Trustee - IBRD oversees the commitment and transfer of GEF funds for projects and fees, ensuring that the Agency uses the funds according to its policies. The Trustee doesn't take responsibility for how the funds are used after they're transferred.

List of Accredited Agencies

The GEF Council-approved funds are transferred through 18 GEF Agencies to a broad diversity of partners, such as government agencies, CSOs, private sector companies, research institutions to execute projects and programs in recipient countries.

The GEF Agencies are principally accountable for the implementation of GEF projects, some examples are –

- **United Nation Agencies**

  The United Nations Development Programme (UNDP), The United Nations Environment Programme (UNEP), Food and Agricultural Organisation of the United Nations (FAO), United Nations Industrial Development Organisation (UNIDO).

- **Multilateral Development Banks**

  World Bank, African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), International Fund for Agriculture and Development (IFAD).

Please Note: *This toolkit expands on some of the financial mechanisms of the mentioned agencies in the coming sections. The aim is to offer CSOs an understanding of the funding flows within the climate finance ecosystem.*

PROCESS FOR GENERAL APPLICATION

Accredited CSOs/NGOs, upon gaining GEF accreditation, can apply for funding.

The eligibility and application processes are given below:

Eligibility Criteria

All projects or programs must fulfil the following criteria to be eligible for GEF funding.

Country Eligibility

Eligibility is enhanced for countries showcasing a robust commitment to taking the lead in environmental initiatives.

Explanation

Countries can qualify for funding through two avenues:

a) by ratifying GEF-supported conventions and meeting the eligibility criteria set by each convention's Conference of the Parties; or

b) by being eligible for World Bank financing (IBRD and/or IDA) or qualifying for UNDP technical assistance based on its resource assignment targets from the core.

Eligibility Criteria

National Priority

Project must be driven by the country and be consistent with national priorities that support sustainable development

GEF Priorities

The project must address one or more GEF focal areas (Examples are: Biodiversity, international waters, land degradation, waste management and climate change)

Financing

The project must seek GEF financing only for the agreed incremental costs on measures to achieve global environmental benefits

Participation

The project must involve the public in project design and implementation, following the Policy on Public Involvement in GEF – Financed Projects and the respective guidelines.

FIGURE 3: **GEF General Application Eligibility Criteria**

Application Process: Full – Sized Projects (FSP)

A. Full-Sized Projects: GEF Project Financing of more than US$ 2 million

1. Project Identification Form[13] and Submission:

- The Agency develops a project idea with input from local institutions and its partners which they then submit this idea to the Secretariat using a Project Identification Form (PIF). The respective GEF Operational Focal Point will endorse the PIF[14].
- The Agency submits PIFs to the Secretariat on a rolling basis while also copying other Agencies, Scientific and Technical Advisory Panel (STAP)[15], and the relevant Convention Secretariats.

WHAT IS A PROJECT IDENTIFICATION FORM?

A Project Identification Form (PIF) is a blueprint document for a project that outlines the basic plan for a Full-sized or a Medium-sized project seeking financing from GEF. PIF gives a detailed summary of the project, explaining what it aims to do, how big it is, its goals, and what it hopes to achieve. This form is important because it helps to shape the project from the start, guiding how it will be reviewed and carried out within the GEF system.

2. Project Preparation Grant (PPG)[16] Request, Response and Revision:

- The Agency can request a PPG during the PIF submission. The Secretariat reviews each PIF, gives feedback and checks compliance GEF strategies and policies.
- The Secretariat reviews each eligible Agency-PIF, offering feedback and incorporating comments from other Agencies and Convention Secretariats.

Please Note: *If a PIF doesn't meet approval conditions, the Secretariat may reject it or request additional information.*

3. CEO Endorsement[17] and Work Program Inclusion:

- Post receiving feedback from the Secretariat, the Agency could revise the PIF.
- The CEO checks if the project meets the approval conditions before deciding if it should endorsed and included in the work program[18].

4. Work Program Presentation and Council Review:

- Every work program is accompanied by a cover note and is shared with Council members by the Agency four weeks before a Council meeting.
- The cover note includes individual PIFs with requested financing amounts, PPG amounts, and Agency Fees.
- Council reviews the Work Program during a meeting, considering the presented documents and making decisions based on the provided information.

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13 Find the QR Code for Project Identification Form after the application process of FSP.
14 Find the QR Code for the template of the OFP letter of support after the application process of FSP.
15 The Scientific and Technical Advisory Panel (STAP) of GEF is a group of experts in various scientific and technical fields related to the environment. They provide guidance and advice to the GEF on the scientific and technical aspects of its projects and programs.
16 This is the funding provided to support the preparation of a FSP.
17 Find the QR Code for the template of the CEO endorsement after the application process of FSP.
18 The GEF Work Program is a list of projects approved by the GEF to be carried out over one year. These projects are chosen because they match GEF goals, fit within its budget, and focus on environmental conservation and sustainability globally.

5. Council Review and Approval:

- Council actively reviews and provides written comments on the Work Program during and after Council meetings.
- A no-objection decision by mail is sought between meetings, and the Council decides whether to approve the entire Work Program or exclude specific PIFs during its meeting.

6. CEO and OFP Endorsement Request Submission:

- After PIF approval, the Agency submits a CEO Endorsement Request and associated Project Document[19] to the Secretariat.
- The Secretariat checks the submission to ensure it aligns with the approved PIF, follows GEF strategies and policies, and addresses feedback from the Council, STAP, and Convention secretariats.

7. Project Approval and Implementation:

The Secretariat asks for revisions if proposals don't meet endorsement conditions, and the Agency makes changes accordingly. Once the Secretariat confirms compliance, the CEO endorses the project, unless a Council review is needed.

8. Council Review of Endorsed Projects:

- Endorsed project documents are published on the GEF website with confidentiality protection.
- Major Amendments undergo Council review before endorsement or re-endorsement, with circulated requests and documents for a four-week approval period.

Scan the QR Code to view the Template and questions asked for PIF in FSP and MSP (2 Step Process).

Scan the QR Code to view the OFP letter of support for FSP & MSP (1 Step & 2 Step Process).

Scan the QR Code to view the Template and questions for the CEO Endorsement for FSP and MSP (2 Step Process).

19 The GEF Project Document is a plan that outlines the details and objectives of a specific project approved for funding by the GEF. It includes information such as project goals, activities, expected outcomes, budget allocation, implementation timeline, and monitoring and evaluation mechanisms.

Application Process: Medium- Sized Projects (MSP)

B. **Medium-Sized Projects:** GEF Project Financing of more than US$ 2 million

For MSPs, the Agency chooses one of the two procedures below.

Please Note: *The steps need to be chosen (either One-Step or Two-Step depending upon the scope and requirement of the project.*

(a) A one-step approval process, wherein no PIF is required:

- **The Agency formulates an MSP Approval Request** in collaboration with relevant country institutions and partners, endorsed by the GEF OFP[20], and submits it to the Secretariat for ongoing review.

Please Note: *In certain cases, there is an option to request a Project Preparation Grant (PPG) during MSP Approval Request submission. The GEF Chief Executing Officer (CEO) has the power to accept or reject the PPG approval.*

Scan the QR Code to view the Template of the Approval Request for MSP.

- **The Secretariat evaluates the MSP Approval Request.** If the request falls short of approval conditions, the Secretariat may either reject it or seek additional information.
- When the project proposal aligns with the approval conditions and the **same is confirmed by the Secretariat, the CEO determines MSP approval, along with the PPG approval** (if applied).
- **Following CEO Approval, the Agency internally approves the project, commencing project implementation.**

Please Note: *In the case of major amendments post CEO Approval of the MSP, the Agency submits a revised MSP Approval Request for CEO re-approval.*

(b) Two-step approval process:

1. **PIF Formulation and Submission:** The Agency formulates a PIF[21] endorsed by the GEF Operational Focal Point and submits to the Secretariat for review.
2. **Secretariat Evaluation of PIF:** Secretariat estimates each eligible PIF, considering GEF strategies, policies, and guidelines and provides feedback to the Agency.
3. **Revising PIF, MSP Approval Request, CEO Endorsement and Project Document Submission:**
   - If required, the Agency addresses any feedback from the Secretariat and submits a revised PIF.
   - Post the agreement on the PIF, the Agency submits an MSP Approval Request and associated project document to the CEO along with an CEO endorsement request[22] from them.

Please Note: *A PPG request can be made concurrently or before this step. The approval of PPG lies with the CEO.*

4. **CEO Approval and Project Implementation:** CEO grants approval to the MSP and confirms the final Project Financing amount.

Please Note: *Major Amendments post CEO approval trigger a revised MSP Approval Request for CEO reapproval.*

20 Find the QR Code for the template of the OFP letter of support before the application process of MSP.
21 Find the QR Code for Project Identification Form before the application process of MSP.
22 Find the QR Code for the template of the CEO endorsement before the application process of MSP.

Application Process: Enabling Activities (EA)

Accreditation is NOT required to access EAs.

C. **Enabling Activities:** GEF Project Financing from US$ 500,000 to US$ 1 million

EA refer to a specific type of project that supports countries in building their capacity to meet their obligations under international environmental conventions. These activities are designed to assist countries in preparing for the implementation of projects funded by the GEF.

There are two ways to process Enabling Activities (EAs):

I. Through a GEF Agency, or

II. Through direct access

For an Enabling Activity (EA) up to US$ 1million is submitted through a GEF Agency, the application process involves the following steps.

Scan the QR Code to view the Approval Request of EA.

Scan the QR Code to view the OFP Letter of Endorsement for EAs

1. The applying Agency, in consultation with relevant country institutions, prepares an EA Approval Request, endorsed by the GEF Operational Focal Point, and submits it to the Secretariat. This is done on a rolling basis.
2. The Secretariat reviews the EA Approval Request, considering GEF strategies and policies. If it falls short of approval conditions, the Secretariat may reject it or request additional information.
3. Following the Secretariat comments, the applying Agency addresses feedback and submits a revised EA Approval Request if necessary. The Secretariat may provide further comments if the Agency's response is deemed inadequate.
4. Once the Secretariat confirms the proposal meets approval conditions, the CEO decides whether to approve the applying Agency's request.
5. After the CEO Approval, the applying Agency internally approves the EA and initiates implementation. The Secretariat posts approved project documents on the GEF website with confidentiality protection.
6. For the major amendments post the CEO approval, the Agency submits an amended EA Approval Request for CEO re-approval.

For an EA up to US$ 5000,00 is submitted through direct access, the application process involves the following steps:

1. The Country submits an EA Approval Request and associated documents to the Secretariat, aligning with World Bank (IBRD/IDA) Operational Policies, Procedures, and Anti-corruption guidelines.
2. The Secretariat reviews the request for compliance with these standards.
3. Upon meeting approval conditions, the CEO decides to clear the EA and signs a World Bank grant agreement which initiates the project implementation.

Please Note:

- *The Bank holds no liability to the GEF for such grants, and project documents are posted on the GEF website in a confidential manner.*
- *An EA above US$ 1 million follows the project cycle procedures described above for either FSPs or MSPs, depending on its size and scope of the project.*

Application Process: Program and Child Project

Accreditation is NOT required to access Program Modality.

D. Program and Child Project:

The approval process for Programs and related Child Projects consists of two main steps:

I. Council approves a Work Program with a Program Framework Document (PFD)[23] and any Child Project titles or concepts.

II. CEO endorses/approves Child Projects under the Program.

Please Note: *The application process of Program and Child Projects are similar.*

Before starting the application process, here are some of the responsibilities of the Lead Agency[24] under this funding modality:

- Develops a PFD where a Program for GEF Financing is proposed.
- Implements associated global/regional child projects and handles program-level reporting.
- Prepares and submits the PFD, along with other participating Agencies to the Secretariat for review, with input from all Agencies, STAP, and Convention Secretariat.
- Oversees global and regional Program and Child Projects.

Scan the QR Code to view the template of PFD under Program and Child Project.

Scan the QR Code to view the template of OFP Letter of Endorsement under PFD.

Scan the QR Code to view the template of PPG under Program and Child Project

23 A Program Framework Document (PFD) outlines the program's basic concept and purpose and explains the idea of a program that seeks funding from the GEF.

24 An agency that coordinates all activities under Program funding modality.

The application process is given below:

Stage 1

A. The GEF OFP endorses relevant Child Projects submitted under the PFD by the Lead Agency through a letter[25].

B. The Secretariat reviews each eligible PFD, by looking into the incorporation of GEF strategies, policies, and guidelines, and then provides feedback to the Lead Agency.

> ***Please Note:*** *Other Agencies, STAP, and Convention Secretariats can also submit comments on the application.*

C. If a PFD doesn't meet approval conditions, the Secretariat may reject it or request more information. The Lead Agency can respond to the comments and submit a revised PFD if needed.

Stage 2

A. Once the Secretariat approves the PFD of the Lead Agency, the CEO considers including it in a Work Program at a Council meeting.

> ***Please Note:*** *STAP reviews PFDs before they're posted on the GEF website for Council review.*

B. The Council then reviews and approves the Work Program during its meetings. Written comments on PFDs in the Work Program are provided by the Council before or during the meeting.

> ***Please Note:*** *Participant Agencies can request a Project Preparation Grant (PPG) for Child Projects either when the PFD is approved (Stage 2) or before submitting them for CEO Endorsement/Approval (Stage 3). The CEO decides whether to approve such requests.*

Stage 3

A. After PFD is approved, the Secretariat reviews the CEO Endorsement/Approval Request by the Lead Agency before to ensure consistency with the approved PFD and compliance with relevant GEF strategies, policies, and guidelines. The Secretariat ensures that any comments from the Council, STAP, Convention Secretariats, and other Agencies on the PFD have been addressed. The Secretariat shares these project documents with the Council for a four-week review period before CEO Endorsement/Approval, maintaining confidentiality as needed.

B. The Lead Agency responds to Council comments, revises the project document if needed, and resubmits it for CEO Endorsement/Approval. The CEO endorses/approves the project once comments are addressed.

> ***Please Note:*** *The CEO only endorses/approves the project if the Council agrees it aligns with GEF policies.*

Stage 4

After the Endorsement/Approval of the CEO, the Secretariat proceeds to upload the approved project documents to the GEF website. This process ensures transparency and public accessibility to the project details. The Secretariat takes care to safeguard any confidential information, ensuring that sensitive data is not disclosed. Following this publication step, the project moves into the implementation phase, where the planned activities and initiatives are put into action according to the approved project plan.

25 Find the QR Code for the template of the PFD and the OFP letter of endorsement before the application process of Program and Child Project.

Additional Information

Implementation, Monitoring, Evaluation and Project Closure

Following CEO Endorsement and GEF Agency approval, shortlisted Agencies assumes responsibility for project implementation, directly answering to the Council. Agencies conduct project-level monitoring and evaluation activities, adhering to GEF Agency systems and the GEF Monitoring and Evaluation Policy. Agencies are also to report financial closure within 12 months of Terminal Evaluation submission, with the Secretariat monitoring and reporting on this measure's effectiveness to the Council.

Transfer of Funds

The GEF Agency initiates fund transfer requests post the Trustee's commitment of funds based on project type and the Agency's approval of FSP, MSP, and EA projects per its policies. The Trustee can halt commitment and disbursement of GEF funds allocated by the Council or CEO to any non-compliant Agency regarding reporting obligations. This suspension lasts over thirty days post written notification, ceasing upon resolution of noncompliance to the Trustee's satisfaction. Additionally, the Trustee may suspend funds following Council instructions if an Agency persistently fails to meet obligations related to fund misuse in the Financial Procedures Agreement.

Transferring of Funds to India

India receives funding from the Global Environment Facility (GEF) through various implementing agencies. These agencies assist in project development, implementation, and monitoring. Some of the key organisations that act as GEF implementing agencies for India include:

S. No	Name of the Organisation
1	United Nations Development Programme
2	United Nations Environment Programme
3	World Bank
4	Asian Development Bank
5	International Fund for Agricultural Development
6	Food and Agriculture Organisation
7	International Union for Conservation of Nature

TABLE 4: GEF Fund Transferring Organisations

These agencies collaborate with the Government of India, NGOs, and other stakeholders to design and implement projects funded by the GEF to address the areas of focus within the GEF.


ATC Labs
DA/CSB/RB/YAMAHA/MXR/01

About the GEF-Small Grants Programme (GEF-SGP)

Accreditation is NOT required to access SGP.

The GEF Small Grants Programme (GEF- SGP)[26] in India is operated by the United Nations Development Programme (UNDP). It provides grants to CSOs, national and local NGOs, Community-Based Organisations (CBOs), and indigenous people's organisations. Other eligible entities include not-for-profit groups like professional associations, unions, etc.

SGP establishes a direct link between sustainable livelihoods and the improvement of local and global well-being, empowering communities to actively participate in their own development. This ensures community ownership and tangible impact. In the last two decades, SGP has funded over 20,500 civil society projects, with 64 percent of grants going to NGOs, 34 percent to CBOs, and 2 percent to other not-for-profit organisations. Importantly, **more than 60 percent of these projects have directly benefited communities, either through grants to CBOs or collaborations with other NGOs and CSOs engaged in community development.**

Scan the QR Code to view the detailed guide of SGP.

Please Note: *The Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India, in collaboration with United Nations Development Programme (UNDP) implements the GEF-SGP in India. The Energy and Resources Institute (TERI) has been appointed the National Host Institution for executing this programme.*

Areas of Focus

- SUSTAINABLE AGRICULTURE & FISHERIES
- LOW-CARBON ENERGY
- ECOSYSTEM & SPECIES CONSERVATION
- SUSTAINABLE URBAN DEVELOPMENT
- CHEMICALS & WASTE

26 The current cycle of SGP (OP-7) is now closed.

Funding under SGP

The SGP offers three types of grants.

Planning Grants - Ranging from US$ 2,000 to US$ 5,000

Planning grants can be used for activities such as stakeholder workshops, hiring consultants, conducting assessments, and developing business plans towards project planning. They help strengthen the capacity of proponent organisations in project design and management.

Regular Grants- Up to US$ 50,000, with an average of US$ 25,000

These grants serve as a significant avenue for funding within the program and are directed towards various activities that align with one or more focal areas (such as low carbon, biodiversity, land degradation, etc.) or strategic initiatives outlined by the GEF (such as climate change, sustainable land management, protection of international waters, etc.)

Strategic Project Grants - Up to US$ 150,000

These grants bridge the gap between regular grants and larger GEF projects and are meant for the scaling up of successful SGP experiences and foster synergies across multiple projects within or across countries.

Eligibility Criteria

To qualify for the basic eligibility organisations for GCF-SGP should CSOs, NGOs or CBOs and they should be part of an SGP participating Country.[27]

There are 4 main eligibility categories for the SGP:

1. **Registration Eligibility:**

- NGO/CSO/CBO must be registered as a trust or society in India for a minimum of 5 years and should have at least 5 years of operational experience. Registration documents of the Trust/Society should be provided for verification.
- NGO/CSO/CBO must be registered at the DARPAN[28] portal of NITI Aayog and possess a valid unique ID with up-to-date information.
- Submission of income tax returns up to the latest financial year, and, if applicable, FCRA registration documents is also required[29].

2. **Organisational Experience:**

- At least 5 years of experience in community-based programs related to environment, climate change, biodiversity conservation, and land degradation in the chosen area.
- Must have an office in the selected intervention state, with proof of its existence in that area required.
- Completed a minimum of 3 projects in climate change, biodiversity conservation, and land degradation, each valued at ₹15 lakh (USD$ 17,872)[30] or more in the past 5 financial years. For applicants from the North-East Region, the project value requirement is ₹5 lakhs (USD$ 5,957).
- Experience in implementing at least 3 government/philanthropy/foundation funded projects in the focused landscape. (For applicants from the North-East Region, the minimum project requirement is 2).
- Must have positively impacted at least 5000 beneficiaries through their engagement.
- Ability to co-finance the project through fundraising from other sources is expected, with proof of co-financing generated in the last three financial years required.
- Preference will be given to organisations that have participated in earlier phases of the GEF Small Grants Programme in India.
- Should not have been debarred by any Government or UN agency at any point in time. A self-declaration confirming this must be submitted.

3. **Financial Capacity:**

The Applicant Organisation must have had an average turnover of ₹30,00,000 (USD$ 35,743)[31] from project grants in the five financial years before the Proposal due date. They must submit audited accounts and an Auditor's Report.

4. **Availability of Key Professionals:**

The organisation must have experienced professionals skilled in thematic areas and project management for this task. They need to provide the CVs of all Key Professionals who meet the project requirements.

27 Location includes – Asia and Pacific, Africa, Arab States, Europe, Latin America and the Caribbean.
28 DARPAN is an online platform established by the Government of India in 2014 to facilitate the registration and monitoring of NGOs operating in the country. Details on how to register on the DARPAN portal are given in Part 3 of the Toolkit.
29 FCRA is explained under the International Philanthropic Section.
30 As of September 2024, the conversion rate is 1 Indian Rupee (INR) = 0.012 US Dollars (USD) and 1 US Dollar (USD) = 83.93 Indian Rupees (INR).
31 As of September 2024, the conversion rate is 1 Indian Rupee (INR) = 0.012 US Dollars (USD) and 1 US Dollar (USD) = 83.93 Indian Rupees (INR).

Documents Required for GEF-SGP Grants

Given below is a table outlining the necessary documents needed for the SGP funding. Each document is branded into specific categories.

Please Note: *The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the accreditation process. The list below is not exhaustive, and additional documents may be required depending upon the nature and scale of the proposed intervention.*

Mandatory documents for GEF – SGP Application:

Category	Mandatory Documents
Legal and Regulatory Documents	1. Registration Certificate of the Organisation 2. Proof of Registration at Darpan Portal 3. Financial Registrations a. PAN Card b. 80G Registration – Income Tax for NGOs c. GST Registration, if applicable FCRA Registration, if applicable
Financial Documents	**Up to last 5 years**: IT Returns and Audited Accounts[32] **Latest year:** Annual Report[33] and proof of co-financing generated for SGP Proposal
Project Proposal and Team Details	1. CVs of the proposed project team[34] 2. Declaration form of the TERI General Terms and Conditions (GTC) Undertaking by the applicant organisation regarding non-debarment and affirmation of no fundraising for political or religious activities.[35]

TABLE 5: GEF – SGP application mandatory documents

Scan the QR Code to view the proposal template of SGP.

Scan the QR Code to view the CV template of SGP.

Scan the QR Code to view the Undertaking and Declaration template.

32 Includes Balance Sheet, Income and Expenditure, Schedules, Notes of Accounts, Auditor's Report

33 Includes proof of co-financing generated in the last FY.

34 Find the QR Code for the CV template for the applying organisation before the application process of Regular Grants under SGP.

35 Find the QR Code for the declaration and undertaking template for the applying organisation before the application process of Regular Grants under SGP.

Application Process for Regular Grants

The application process for Regular Grants is highlighted below:

1. **Reach out to the National Coordinator (NC) of India** to get the Country Programme Strategy (CPS) along with project application guidelines and forms. Thoroughly review these to confirm that the project idea aligns with the country's eligibility requirements. The application can also seek strategic advice from the NC to enhance their proposal design.
2. **Develop a Project Concept** by outlining its objectives, outputs, outcomes, and budget. The budget should specify the amount requested from SGP funding and any co-financing contributions (both cash and in-kind). The applicant can use any format, as long as all necessary elements and information are included for the development of a project concept. After finalising the concept paper, it can be submitted to the NC.
3. **NC reviews the Project Concept Papers** by assessing whether it aligns with the eligibility criteria and the CSP objectives.
4. **After selection of the Project Concept Papers,** the organisation crafts a project proposal using a designated template and submit the final version to the NC.

Post-application processes

5. The NC gathers all project proposals and submits them to the National Steering Committee (NSC) for review. The NSC evaluates each proposal's alignment with the objectives outlined in the Country Programme Strategy and ensures adherence to key criteria and UNDP's Social and Environmental standards. The NSC may approve the proposal outright **"OR"** provide conditional approval with recommendations for refinement **"OR"** reject it due to serious deficiencies or limited funding availability.
6. After approval, the grantee organisation enters a Memorandum of Agreement with the UNDP Country Office.

Please Note:

- *Completed proposals are sent by email to sgpindia@teri.res.in*
- *SGP does not charge a fee at any stage of the selection process for the project grant.*
- *GEF-SGP projects span to 1-3 years, with funds disbursed in three instalments.*
- *The proposal should include the required partnerships and collaborations with relevant stakeholders to ensure that the community takes ownership of the project.*
- *With organisations (NGOs/CSOs/CBOs) needing extra support, they can partner with an experienced NGO or use a planning grant for expertise. If partnering the organisation in need should ensure that the partnering organisation has a proven track record with the SGP.*
- *Grantees may submit another project upon completion of the on-going project.*

Given below is the diagram of the application process to get SGP Funding –

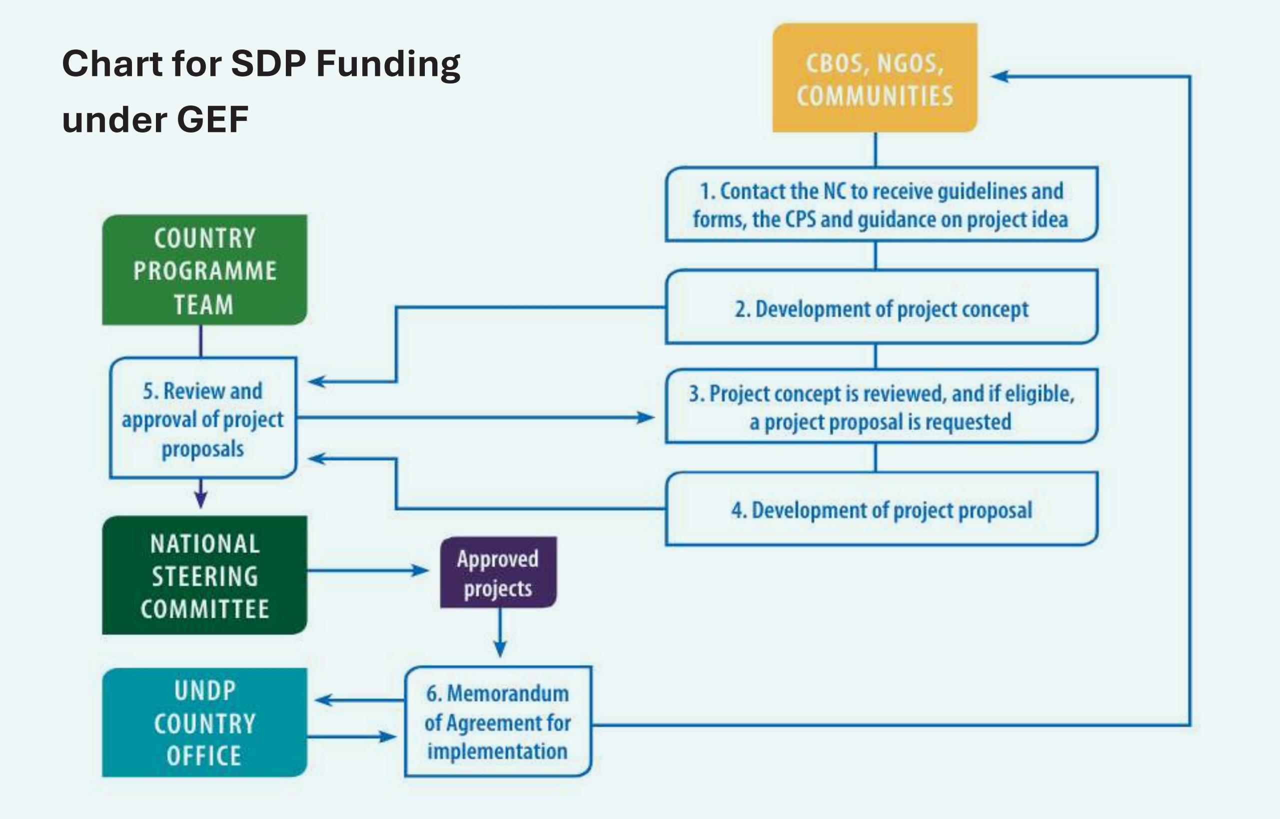


FIGURE 4: GEF-SGP Application Process

Abbreviations: NC- National Coordinator, CPS – Country Programme Strategy

Source: SGP- GEF Small Grants Programme

Application Process for Strategic Grants

Accessing a SGP strategic project grant involves procedures similar to those for a regular SGP grant.

1. The organisation submits either a project concept or document to the NC, who forwards this to the relevant Central Programme Management Team (CPMT) for guidance and feedback.
2. Following CPMT assessment, the NSC reviews the proposal to determine its eligibility for a strategic grant.
3. Once approved, the project follows the same contractual procedures as a regular SGP grant.

TIPS FOR DEVELOPING AN SGP PROJECT

Consider these key points when crafting an SGP project:

- Assess existing activities in the project area and identify areas where support is needed.
- Align the project with SGP focal areas and local initiatives.
- Outline how project activities will contribute to overall goals and include plans for monitoring and evaluation.
- Ensure diverse stakeholder participation, including women, indigenous groups, youth, and people with disabilities.
- Develop plans for knowledge sharing and communication to disseminate project outcomes.
- Secure co-financing to cover sustainable development needs, which can be cash or in-kind.
- Plan for the long-term sustainability of project outcomes beyond completion.

Selection Process- Evaluation Criteria

The selection process will use a two-step Quality and Cost Based Selection (QCBS) approach, with 80% of the evaluation based on technical aspects and 20% on financial considerations. The final decision on selecting community grantees will rest with the National Steering Committee of the SGP. Applications passing this initial check will proceed to the Evaluation Criteria.

PRE-ELIGIBILITY CRITERIA'S

- Compliance with the submission deadline.
- Application satisfies the eligibility criteria.

What is the Evaluation Criteria?

Criteria	Explanation
Contract Award	1. Meeting essential eligibility and qualification requirements 2. Achieving a minimum score of 70% in the technical proposal 3. Agreeing to the TERI General Terms and Conditions (GTC) by signing a declaration form. This agreement is obligatory, and failure to accept the GTC may lead to proposal rejection
Preliminary Examination of Proposals	1. Technical proposal is to be submitted separately from the financial proposal 2. Latest certificate of registration to be submitted
Assessment of Proposal	Technical Proposal (80%): 1. Number of projects conducted in thematic areas (Max. Marks: 20) 2. Number of projects in the designated landscape (Max. Marks: 20) 3. Proposed approach and methodology (Max. Marks: 20) 4. Project advocacy strategies (Max. Marks: 20) Financial Proposal (20%): 1. Co-financing details (Max. Marks: 10) 2. Manpower expenses (Max. Marks: 5) 3. Other expenses (Max. Marks: 5)
Award of Contract	The contract will be awarded to the proposal that fulfils all requirements, aligns with evaluation criteria, and provides the best value for money. The applicant organisation with the highest combined score from technical and financial evaluations will receive the contract. The decision of the National Steering Committee regarding proposal acceptance or rejection is ultimate

TABLE 6: GEF – SGP Evaluation Criteria

SECTION 1.1 B
ADAPTATION FUND (AF)
Glossary

1. **AF ACCREDITATION:** A process were Organisations (Governments, Academic Institutions, CSOS, NGOSs) are officially recognized under AF to be capable and trustworthy to carry out their projects. Accredited organisations under AF are termed as Entities.

2. **AF ACCREDITATION PANEL:** Consists of three independent experts and two Board members who conduct a detailed assessment of applicants and deliver advice and suggestions to help applicants strengthen various aspects of their accreditation standards to meet eligibility set by AF.

3. **ADAPTATION FUND CLIMATE INNOVATION ACCELERATOR (AFCIA):** Non- accredited entities, such as CSOs, NGOs, CBOs are eligible to apply for grants up to US$ 250,000.

4. **AF BOARD (AFB):** AF is managed by the AFB, which is composed of 16 members from the UN, SIDs, LDCs, etc. AFB approves the accreditation panel's recommendation for applicants applying for accreditation.

5. **DESIGNATED AUTHORITY (DA):** Consists of government officials for each country who act as a point of contact for the AF. They endorse accreditation applications from National and Regional Implementing Entities before it is sent to the Secretariat for their assessment.

6. **DIRECT ACCESS MODALITY:** AF pioneered the implementation of direct access by empowering National Implementing Entities under the AF to allow a direct access to the funding provided by the AF.

7. **ENHANCED DIRECT ACCESS (EDA):** A funding modality under AF, it grants accredited National Implementing Entities US$ 5 million to channelise funds and offer technical advice to vulnerable and/or developing countries. This empowers the countries to self-implement climate change project.

8. **IMPLEMENTING ENTITIES (IES):** These are accredited institutions by the Adaptation Fund Board

9. **INNOVATION FUNDING FACILITY:** A funding modality under AF, it aims to support innovative adaptation practices by offering small and large grants to non-accredited and accredited entities.

10. **MULTILATERAL IMPLEMENTING ENTITIES (MIES):** A type implementing entity within the AF, these are organisations or institutions that serve as intermediaries between the AF and countries that do not have their own accredited entities.

11. **MEDIUM TERM STRATEGY (MTS):** It is a strategic framework for how the Fund will allocate resources and support adaptation efforts to address climate change impacts in vulnerable communities. Currently, the MTS is going on for 2023-27.

12. **NATIONAL IMPLEMENTING ENTITIES (NIES):** A type implementing entity within the AF, these egal entities play a pivotal role in identifying, designing, implementing, and oversee adaptation projects and programs at a global level.

13. **OPERATIONAL POLICIES & GUIDELINES (OPG):** They outline the Fund's mission, priorities, and the processes for accreditation and project funding. Entities intending to apply for accreditation or submit project/program proposals to the Board and secretariat should thoroughly view the OPGs.

14. **PROJECT FORMULATION GRANTS (PFG):** Refers to grants for accredited NIEs of the AF to enhance their project preparation and design capabilities and can request up to US$ 50,000 per project.

15. **PROJECT FUNDING:** A funding modality under AF, it refers to financial support provided to accredited entities through activities or initiatives that aim to address the impacts of climate change and enhance resilience in vulnerable community or ecosystem.

16. **PROJECT AND PROGRAM REVIEW COMMITTEE (PPRC):** Responsible for assisting the AF Board in tasks related to the projects/program review under the AF funding modalities.

17. **REGIONAL IMPLEMENTING ENTITIES (RIES):** A type implementing entity within the AF, and similar to NIEs, they play the role of identifying, designing, implementing, and overseeing adaptation projects and programs at a regional level.

18. **READINESS GRANT FUNDING:** A funding modality under AF, it aims to enhance the capabilities of national and regional entities in handling climate finance projects, particularly through EDA.

19. **READINESS PACKAGE GRANTS (RPG):** Under the Readiness Grant Funding modality, this grant of US$ 150, 000 is available for the accreditation of NIEs.

20. **AF SECRETARIAT:** The secretariat of the AFB consists of an international staff based in Washington D.C. who provide research, advisory and administrative services to the AF Board. Currently, Mikko Ollikainen leads the Fund's secretariat. Additionally, the Adaptation Fund Board Secretariat (AFBS / AFBSEC) reviews and compiles technical assessments for all proposals and presents them to PPRC.

21. **SOCIAL AND ENVIRONMENTAL SAFEGUARDS:** This policy aims to make sure that the projects funded by the AF will not harm the environment or the people, while addressing the effects of climate change. For entities trying to qualify for the accreditation process, this policy needs to be implemented and represented in their organisation.

22. **TRUSTEE:** The World Bank is serving as the interim trustee of the AF and is managing the AF trust fund.

23. **VULNERABLE COUNTRIES:** Vulnerable countries are nations that are particularly susceptible to the negative impacts of climate change due to factors like their geographical location, low economic resilience, and limited adaptive capacity.

ADAPTATION FUND

Adaptation Fund (AF) was established in 2001 under the Kyoto Protocol and stands as the second-oldest climate fund providing financial support for adaptation and resilience initiatives in vulnerable developing countries.

Scan the QR Code to view the AF Website

Areas of Focus

FOOD SECURITY & AGRICULTURE

WATER MANAGEMENTT

DISASTER RISK REDUCTION

FORESTS AND COASTAL ZONE MANAGEMENT

ABOUT THE IMPLEMENTING ENTITIES

The national, regional, and multilateral institutions accredited by the Adaptation Fund Board (AFB) are termed as Implementing Entities (IE).

NIEs are the national legal entities nominated and recognised as meeting the fiduciary standards established by the AF Board. They play a pivotal role in identifying, designing, implementing, and overseeing adaptation projects and programs. **The National Bank for Agriculture and Rural Development (NABARD) serves as the NIE in India.**

RIEs are organisations made up of member countries from a specific region that collaborate on implementing projects and programs. Some climate finance mechanisms may involve RIEs, which have a similar role to NIEs, but they operate at a regional level. **The International Centre for Integrated Mountain Development (ICIMOD) in Nepal serves as the RIE for South Asian region.**

MIEs are international organisations or institutions accredited by the AFB to serve as intermediaries between the AF and countries that may not have their own accredited NIEs. They assist in channelling funds, providing technical expertise, and most importantly acting as a bridge between the AF and a broader set of countries. **The Asian Development Bank (ADB) in Philippines, UN Development Programme (UNDP) in United States are all examples of MIEs.**

Please Note: India does not currently host a RIE under the GEF framework. RIEs typically serve regions made up of multiple countries, so India, as a single country, would not be classified as an RIE. Instead, interested entities in India might participate in projects coordinated by RIEs that cover the broader South Asian region.

The flow chart (Figure 5) below highlights the address information of the Implementing Agencies working in the South Asian region. This information will allow interested entities in India to know about their Implementing Agencies within AF.

ADAPTATION FUND IMPLEMENTING AGENCIES

National Implementing Entities

Regional Implementing Entities

Multilateral Implementing Entities

INDIA - National Bank for Agriculture and Rural Development (NABARD)

Contact Person(s)
Mr. K. Venkateswara Rao
Chief General Manager
Farm Sector Policy
Tel: +91 (022) 265 30083 / +91 (022) 2653 0007
Fax: +91 (022) 265 23895 / +91 (022) 2653 0009
Email: kv.rao@nabard.org;

Dr. Surendra Babu
General Manager
Farm Sector Development Department
Email: surendra.babu@nabard.org;
Alternate emails:
climate.change@nabard.org;
fsdd@nabard.org;

NEPAL - International Centre for Integrated Mountain Development (ICIMOD)

Contact Person(s)
Ms. Michelle Guertin
Head
Business Development and Resource Mobilisation
Tel: 977-1-5275222
Email: Michelle.Guertin@icimod.org;

Dr. Pema Gyamtsho
Tel: 97715275223
Email: pema.gyamtsho@icimod.org;

Who Can Apply Through These Windows?

- NGOs and CSOs
- Government Ministries or Agencies
- Research and Academic Institutions
- Development Banks

FIGURE 5: **AF Implementing Agencies**

Please Note: *the dotted line (---) around MIEs represent accredited institutions providing funding to organisations/countries who are not accredited to the AF. These entities do not have a specific office through which applications need to be routed through. Please check websites of accredited MIEs within AF to know about their funding cycles.*

Only accredited CSOs/NGOs can apply for majority of the funding under the Adaptation Fund.

TYPES OF FUNDING

Project Funding

Category	Explanation
Small- Sized project (SPs)	Project proposals requesting up to US$ 1 million
Regular- Sized projects (RPs)	Project proposals requesting more than US$ 1 million
Programmes	Projects which include SPs or RPs aimed at achieving an outcome that is otherwise not achievable by a single project

Innovation Funding Facility

Category	Explanation
Small Grants	Grants up to US$ 250,000 each will be awarded to vulnerable developing countries through two routes, i.e.,: Directly through the Fund's accredited NIEs Through MIEs Aggregator Mechanism for non-accredited entities within the Fund
Large Grants	Grants up to US$ 5 million each to roll out proven solutions in new countries and regions or to scale up innovations already demonstrated to work

Readiness Grant Funding

Category	Explanation
Readiness Package Grants	This grant is available for accreditation of NIEs only, up to maximum of US$ 150, 000
Project Scale up Grants (PFGs)	The grants are available to NIEs from US$ 50,00 – US$ 100,00.
Technical Assistance (TA) Grants for Environment and Social Policy (ESP) and Gender Policy (GP)	This grant is up to a maximum of US$ 25,000 and TA-GP is up to a maximum of US$ 10,000.

Enhanced Direct Access (EDA) Projects

The EDA window provides up to US$ 5 million per country. The EDA funding does not impact the current cap and is aimed at enhancing the capacity of local organisations, enabling them to program adaptation finance and independently design and implement projects through locally led initiatives. These grants are exclusively accessible to accredited NIEs of the Adaptation Fund.


11

ACCREDITATION UNDER AF

The accreditation form of Adaptation Fund is submitted online.

AF accreditation is a formal process through which entities become recognized as implementing partners for AF-funded projects. The Adaptation Fund Accreditation is valid for 5 years.

ACCREDITATION WORKFLOW

Adaptation Fund receives accreditation applications in English only through its dedicated website, Accreditation Workflow. For additional information and request for details on how to register as a user on the Workflow, please send an email to *afaccreditation@adaptation-fund.org* with subject heading: Accreditation application.

Eligibility Criteria

The Adaptation Fund's accreditation process is composed of a set of accreditation standards or Operational Policy Guidelines (OPG) that need to be fulfilled before applying for accreditation within AF. To match the standards, Entities applying for accreditation will undergo an assessment to make sure they adhere to the sound accreditation standards. The QR codes below indicate:

I. The guidelines that the Entities should be aware and incorporate within their organisation for the accreditation process.

II. A checklist of the accreditation standards.

Please Note: *The actors involved in the accreditation process, such as the Designated Authority, the Secretariat, the Accreditation Panel all expect the entity applying for accreditation to incorporate all the accreditation standards listed in checklist within their organisation.*

Scan the QR Code to view the strategic priorities, policies, and guidelines under the OPG of the AF.

Scan the QR Code to view the fiduciary risk management standards under the OPG of the AF.

Scan the QR Code to view the environmental and social policy under the OPG of the AF.

Scan the QR Code to view the accreditation standard checklist.

Documents Required

Applicant agencies seeking accreditation are required to substantiate their claims with relevant background information, contact details, and documentation – this includes the entity's name, institution type, address, and contact person information. Furthermore, this section of the toolkit provides information on the mandatory and/or conditional documentation that applicant entities need to complete as part of the accreditation process. The sections of the documents required are given below.

Section I: Background Information

Section II: Financial management and integrity

Section III: Requisite institutional capacity

Section IV: Transparency, self-investigate power and anti-corruption measures

The necessary and/or conditional documents needed for the above-mentioned sections are in the below tables.

Please Note: *The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the accreditation process. The list below is not exhaustive, and additional documents may be required.*

Mandatory documents for GEF – SGP Application:

Category	Mandatory Documents
About the Organisation	1. Organisational Profile 2. Capacity Statements[36] 3. Financial Auditing Documentation[37] 4. Business Plan[38]
Purchasing Policies and Evaluation Reports	1. Procurement Procedure Documentation 2. Project Planning Documentation[39] 3. Monitoring and Evaluation Documentation[40]
Anti-Fraud Policy Documentation	1. Ethical Conduct Documentation 2. Ethical Oversight Documentation

TABLE 7: Mandatory documents for AF Accreditation

36 Includes foreign loans/funds handled over the last 2 years.
37 Includes internal auditing documentation.
38 Includes long-term financial projections.
39 Includes project approval process & 2 samples of project appraisals.
40 Includes project closure reports and project closure evaluations.

Application Process

The accreditation process is given below –

1. Nomination and Endorsement Letter

- Nomination of a potential IE is required to start the accreditation process. Given below are they ways in which different IEs are nominated[41] -
  - NIEs are nominated by their respective governments.
  - RIEs are nominated by receiving a letter of support from at least 2 of the countries in which they operate.

    > ***Please Note:*** *The accreditation eligibility criteria needs be met to be nominated by the respective government and/or organisations.*

  - After being nominated as a potential implementing entity, the Designated Authority (DA) provides a letter of endorsement to them. *Definition and the role of a DA is highlighted below.*

Scan the QR Code to view the template of the Letter of Endorsement by the DA for entity accreditation.

DESIGNATED AUTHORITIES AND ITS ROLE IN ADAPTATION FUND

DAs are government officials who act as point of contact for the AF. On behalf of the national governments, **they endorse:**

- The accreditation applications of National or Regional Implementing Entities before they are sent to the fund's secretariat for assessment.
- Proposals by National, Regional, or Multilateral Implementing Entities for adaptation projects and programmes in their country/s.

Role of Designated Authorities:

- Ensure NIEs and RIEs meet fiduciary standards for Adaptation Fund accreditation by conducting an initial assessment to confirm their readiness for accreditation.
- Evaluates the NIEs and RIEs organisational structure by ensuring efficient project implementation capacity.
- Ensures potential NIEs and RIEs uphold a strict anti-fraud policy at the management level, with transparent mechanisms for addressing any allegations involving relevant authorities.

For India, the Designated Authority is:
Mr. Neelesh Kumar Sar
Joint Secretary
Ministry of Environment, Forest, and Climate Change
Agni Wing, 2nd Floor, Indira Paryavaran Bhawan, Jor Bagh, New Delhi – 110003, India
Tel: +91 1124695130
Email: sahnk@cag.gov.in

41 It is not needed for MIEs to be nominated and endorsed by the DA. They are instead nominated by the AF Board for accreditation.

2. Application:

- Post the endorsement letter, the entity submits an accreditation application through Adaptation Fund's Accreditation Workflow. This is an online portal to which access is granted by the AF once an endorsement letter by the DA is received.
- The accreditation application can be submitted through 3 different modalities. The table below highlights that:

Types of Accreditations	Explanation and Availability
Regular Accreditation	Available to Entities of all types, sizes and risk profiles
Streamlined Accreditation	Available to smaller Entities who: 1. Execute or implement projects that cost up to US$ 1 million 2. Have a staff up to 25 members, who are engaged in project implementation. 3. Have annual administration expenses of up to US$ 1 million
Fast-track Accreditation	Available to all applicant entities that have been previously accredited with AF

TABLE 8: AF Types of Accreditations

Scan the QR Code to view the template of the Regular and Streamline Accreditation under AF.

Scan the QR Code to view the template of the Fast-track Accreditation under AF.

Scan the QR Code to view the prerequisite checklist for accreditation under AF.

Scan the QR Code to view the document on the lessons learnt when applying to Streamlined Accreditation.

3. Screening by the Adaptation Fund Board Secretariat (AFBS):

- Post the submission on the Accreditation Workflow, the Secretariat screens the application for completeness and requests any missing part of the application.
- Post their review and acceptance of the application, the Secretariat will then forward the application to the Accreditation Panel (AP).

4. Review by the Accreditation Panel:

- The Panel identifies any questions and potential gaps and communicates directly with the applicant until it is ready to make a final assessment.
- As part of the next time, the AP undertakes review of the application and provides its final assessment to the Adaptation Fund Board (AFB).
- The Accreditation Panel will provide its final assessment to the Board with a recommendation.

5. Adaptation Fund Board (AFB) Review:

The AFB approves the Panel's recommendation for accreditation or non-accreditation. Once the application for accreditation process is complete, the entity can submit projects using direct access modality.

WHAT IS DIRECT ACCESS MODALITY?

AF pioneered the implementation of "direct access", by enabling NIEs, RIEs and MIEs to directly access climate finance without the need of intermediary organisations or institutions that would traditionally manage and distribute climate financing.

Additional Information

Re-accreditation Process

Entities can submit a re-accreditation application, with latest supporting documents and an expression of interest for accreditation renewal online at least nine months before their accreditation expiration. Once expired, the entity cannot propose projects until re-accredited.

Only accredited CSOs/NGOs can apply for Project/Programme funding under the Adaptation Fund.

PROJECT/ PROGRAMME FUNDING PROCESS

Category	Explanation
Small- Sized project (SPs)	Project proposals requesting up to US$ 1 million
Regular- Sized projects (RPs)	Project proposals requesting more than US$ 1 million
Programmes	Projects which include SPs or RPs aimed at achieving an outcome that is otherwise not achievable by a single project.

Refers to financial support provided to initiatives or activities that aim to address the impacts of climate change and enhance resilience in vulnerable communities or ecosystems. Projects address climate change impacts and risks that are categorized as Small-Sized or Regular Sized Projects. On the other hand, Programmes is a process, a plan, or an approach for addressing climate change impacts which are broader than the scope of an individual project.

The eligibility criteria and the application process are highlighted below

Eligibility Criteria

The following criteria for adaptation fund projects are applicable to both the small-size projects and regular projects under the single-approval process.

Project Eligibility

- The government has endorsed the project.
- The project supports concrete adaptation actions addressing the adverse effects of climate change.
- The project provides economic, social, and environmental benefits, emphasising the most vulnerable communities.
- The project is cost-effective.
- The project aligns with national sustainable development strategies, plans, poverty reduction strategies, and relevant instruments.
- The project meets relevant national technical standards, where applicable.
- There is no duplication of the project with other funding sources.
- The project includes a learning and knowledge management component.
- The project justifies funding based on the full cost of adaptation.

Eligibility Criteria

Country Eligibility

- The country is a party to the Kyoto Protocol.
- The country is a developing country particularly vulnerable to the adverse effects of climate change.

Resource Availability

The requested project funding is within the country's cap.

Eligibility of NIE/MIE

The project is submitted through an eligible NIE/MIE accredited by the Board.

Implementation Arrangement

- Adequate arrangements are in place for project management.
- Measures for financial and project risk management are established.
- Monitoring and evaluation arrangements are clearly defined, including a budgeted M&E plan.
- A project results framework is included.

FIGURE 6: AF Application Eligibility Criteria

Application Process

There are two approval processes under the Adaptation Fund project cycle:

I. A one-step approval process; and

Please Note: *Kindly e-mail the proposal submissions to the Adaptation Fund Board Secretariat (AFBS) through the following email addresses: submissions@adaptation-fund.org and afbsec@adaptation-fund.org.*

II. A two-step approval process.

Small-size projects follow a one-step approval process, and regular projects may choose between the one-step and two-step approval processes based on project preparation stage and proponent discretion.

Single Approval Process

1. Eligible Parties submit a fully prepared project document[42] and an endorsement letter by the DA to AFBS at least nine weeks before the next AFB meeting.
2. The Adaptation Fund Board Secretariat (AFBSEC/ AFBC) reviews the document and presents them to the Project and Program Review Committee (PPRC) at least seven days before the upcoming AFB meeting.
3. The PPRC convenes consecutively with the AFB meeting, providing reviews and recommendations for submission to the Board on the following day(s).
4. The AFB makes approval decisions during the meeting, with all endorsed projects posted on the AF website after the meeting concludes.

Two-Step Approval Process

1. The IE may opt for a two-step approval process for regular projects/programmes, comprising project concept approval and fully developed project document approval.
2. Each step follows the single approval process, involving the project/programme in two rounds of approval. This approach allows countries to obtain feedback or guidance from the AFB earlier in the project preparation stage.
3. The following two documentations are required to be submitted at each step following the same procedures as the single approval process:
   - 1st step: Regular Project/Programme Concept.
   - 2nd step: Regular Fully Developed Project/Programme Document.

Documents Required

Scan the QR Code to view the instructions for preparing a request for Project/ Program funding modality.

Scan the QR Code to view the template for Letter of Endorsement Project/ Program funding modality by the DA.

Scan the QR Code to view the template of the Fully Developed Proposal for both small-sized and regular sized Projects/Program.

Scan the QR Code to view the template of the Project/Program. Concept. This is for regular projects that have not been fully developed.

42 A project document typically contains information about the project's objectives, scope, activities, budget, timeline, and other relevant details. It may also include assessments of environmental and social impacts, risk assessments, and strategies for sustainability.

Non-Accredited CSOs/NGOs can apply for Small Grants (AFCIA) under the Adaptation Fund.

INNOVATION FACILITY FUNDING PROCESS

Category	Explanation
Small Grants	Grants up to US$ 250,000 each will be awarded to vulnerable developing countries through two routes, i.e.,: 1. Directly through the Fund's accredited NIEs (Direct Access) 2. **Through MIEs Aggregator Mechanism (AFCIA) for non-accredited entities within the Fund.**
Large Grants	Grants up to US$ 5 million each to roll out proven solutions in new countries and regions or to scale up innovations already demonstrated to work.

The Innovation Facility offers small and large grants to non-accredited/accredited implementing agencies. The Fund has demonstrated in its capacity to innovate by pioneering new models for accessing finance, namely, Direct Access and Enhanced Direct Access. These new services empower national institutions to directly reach, engage, empower, and benefit the most vulnerable communities and social groups.

Who can apply to which windows?

The figure below highlights which entities can apply for the Small (AFCIA includes) and Large Grants under the Innovation Facility Funding Window.

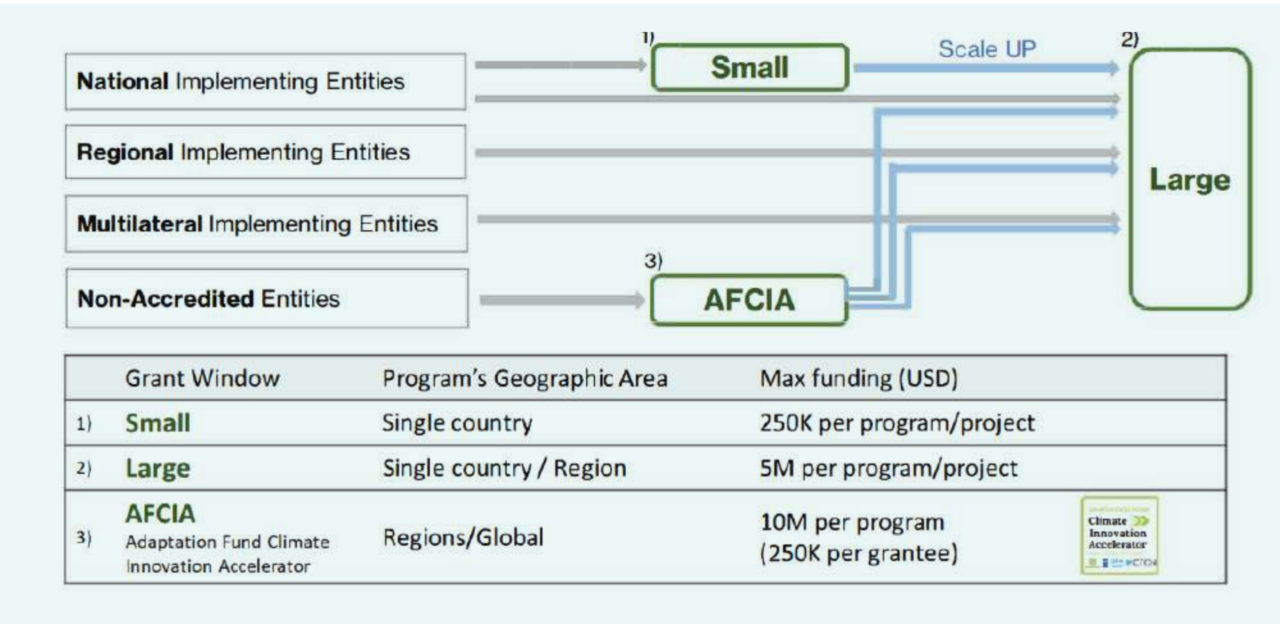


FIGURE 7: Innovation Facility Funding Windows

Source: Adaptation Fund Website

Please Note:

- *For a successful application, the entities should clearly state the adaptation challenge, objectives, project deliverables, timeline, responsible parties and include clear baselines, milestones, targets, indicators for measurable progress and results.*
- *Applications should be sent to afbsec@adaptation-fund.org with copy to sdobardzic@adaptation-fund.org and agomes3@adaptation-fund.org.*

Small Grants Eligibility Criteria

Country Eligibility

- The country is a party to the Kyoto Protocol.
- The country is a developing country particularly vulnerable to the adverse effects of climate change.

Applicant Eligibility

- NIEs, RIEs, MIEs need to be accredited to apply for the fund directly.
- **Non- Accredited agencies** can apply under the MIEs aggregator mechanism.

Funding Routes

They are awarded to vulnerable developing countries through 2 routes.

A. **Directly through the Fund's accredited National Implementing Entities (NIEs).** The proposals considered under the AF on Innovation - Small Grants Projects will be through Direct Access Modality.

B. **Through a Multilateral Implementing Entity (MIE) Aggregator Mechanism, called Adaptation Fund Climate Innovation Accelerator (AFCIA), to non-accredited entities[43].**

AFCIA, announced at COP25 in December 2019, is a US$ 10 million mechanisms funded by AF and carried out by its MIE partners, such as UNDP, UNEP - Climate Technology Network (CTN).

43 This includes entities not accredited to AF, such as – NGOs, CSOs, Vulnerable Groups, Research Institutions, and others.

A) NIE SMALL GRANTS (Direct Access)

This funding opportunity makes available 28 grants of up to US$ 250,000 to NIEs twice a year.

Areas of Focus

- NATURE BASED SOLUTIONS
- ENHANCING CULTURAL HERITAGE & COMMUNITIES
- DISASTER RISK REDUCTION
- WATER & FOOD
- GENDER EQUALITY
- URBAN ADAPTATION
- SOCIAL AND ADAPTIVE INNOVATION FUNDING

Application Process

The application process and the documents required for NIE small grants are given below –

Small Grant Funding through Direct Access Modality will undergo a review based on the same criteria as project/programme proposals but with a simpler and more concise level of detail, matching the grant size.

Single Approval Process

1. Eligible Parties submit a fully prepared project document to AFBS seven weeks before the next Adaptation Fund Board (AFB) meeting.
2. AFBS screens proposals and prepares Technical Reviews for each project/programme.
3. Program Review Committee (PPRC) reviews and prepares recommendations for the Board using a Recommendation Template.
4. AFB approves/rejects recommendations during the meeting.
5. Approved projects posted on the AF website after the meeting.

Entities seeking funding are required to substantiate their claims by filling out an application form of the project proposal and submitting a Letter of Endorsement by the DA to the AF.

The sections of the application form are as follows –

Part I: Project Information

Part II: Project Justification

Part III: Implementation Arrangements

Part IV: Endorsement by the Designated Government Authority for Adaptation Fund and Certification by the Implementing Entity

Scan the QR Code to view the template of the project proposal of the Small Grants.

Scan the QR Code to view the template of the Letter of Endorsement for Small Grants.

Scan the QR Code to view the instructions for preparing a proposal for Small Grants.

Non-Accredited CSOs/NGOs can apply for Small Grants (AFCIA) under the Adaptation Fund.

B) SMALL GRANT UNDER ADAPTATION FUND CLIMATE INNOVATION ACCELERATOR (AFCIA)

AFCIA will award competitive grants up to US$ 250,000 each to non-accredited agencies of AF in developing countries and aims to assist a diverse range of potential recipients, including CSOs, NGOs, governments, community groups, and young innovators.

The accredited MIEs through which funds are transferred:

I. UNDP (The United Nations Development Programme)

II. UNEP (The United Nations Environment Programme)

Scan the QR Code to view the website of UNDP-AFCIA.

Scan the QR Code to view the website of UNEP—CTCN-AFCIA.

Please Note: *The Climate Technology Centre and Network (CTCN), the operational arm of UNFCCC Technology Mechanisms, collaborates with UNEP as an executing entity in AFCIA*

Each MIE receive **US$ 5 million** each to manage and coordinate small grant projects up to US$ 250,000 each.

Funding Routes under AFCIA

Areas of Focus

- AGRICULTURE & COASTAL ZONE MANAGEMENT
- MARINE & FISHERY
- DISASTER RISK REDUCTION
- FORESTS
- WATER MANAGEMENT & FOOD SECURITY
- RURAL & URBAN DEVELOPMENT

There are 2 difference routes in which applicants can ask for funding through:

I. UNDP – Grant funding is provided to applicants on a competitive basis. The selected grantees will operate and manage their projects by themselves along with support from UNDP.

II. UNEP-CTCN – Technical assistance grants will be provided to developing countries on a competitive basis. The selected application will undergo further development to create a customized solution for the specific needs of the developing country. The implementation of the solution will be carried out by a technology provider chosen by the CTCN.

AFCIA, announced at COP25 in December 2019, is a US$ 10 million mechanisms funded by AF and carried out by its MIE partners, such as UNDP, UNEP - Climate Technology Network (CTN).

Funding Route 1:
United Nations Development Programme (UNDP)

What is the UNDP-AFCIA Route?

Launched by the UNDP Administrator Achim Steiner in 2021, this strategic initiative aims to promote scaled-up adaptation at the local level, focusing on CSOs, NGOs and women and youth innovators.

AFCIA – UNDP Funding

The program consists of two two-year funding cycles.

I. 15-20 Micro Grants, US$ 60,000 for a two-year cycle for new/pilot adaptation practices

II. 10-15 small grants, US$ 125,000 for a two-year cycle to accelerate innovative adaptation practices, business models and technologies with scaling potential.

Please Note:

- *Successful grantees may receive additional funding for the second cycle based on achieving first cycle milestones (total US$ 120,000 for micro grants and US$ 250,000 for small grants over four years).*
- *Technical assistance from the network of UNDP and partners will be provided to grantees to enhance the results.*
- *Under UNDP-AFCIA, the Innovation Small Grants Aggregator Platform (ISGAP) also provides grantees a pathway to scale, either through public funding projects or through potential private funding channels brokered by UNDP and partners.*

The eligibility criteria and the application process are highlighted below:

Eligibility Criteria

The 2- year project cycle is open to NGO/CSO status organisations.

Application Process

Step 1: Register and submit basic information on ISGAP IT portal.

Step 2: Within 4-6 weeks submissions will be screened and shortlisted. The first round of screening will be based on 3 criteria's:

- Climate Change Adaptation
- Innovation
- Social and Environmental Considerations.

Shortlisted grantees will be then able to download a grant proposal template from the IT portal of UNDP-AFCIA website. **This proposal should be completed within 7 days (1 week) and uploaded onto the IT portal.**

Step 3: Second round of screening will be done, and grantees will be selected in 4-6 weeks. Successful candidates sign the grant agreement with UNDP.

Step 4: The program will commence with inception trainings and webinars, with the aim to build connections for NGOs and CSOs in the climate ecosystem and trainings will be provided on innovation, business strategy, climate risks, impact measurement, and safeguards.

Step 5: Grantee/s will assess key barriers for their operation or scale-up potential. Building on to the grant proposal, each grantee submits an acceleration workplan to UNDP. UNDP Project board's experts offer advice on overcoming identified barriers.

Step 6: Grantee/s implements workplan with activities such as project delivery, vendor contracts (UNDP provides support if needed), check-ins with Project Management Unit, quarterly impact/results reporting in the IT system and share learnings and stories with UNDP.

Funding Route 2:

United Nations Environment Programme (UNEP) - Climate Technology Centre and Network (CTCN)

What is the UNEP-CTCN AFCIA Route?

The AFCIA, managed by UNEP-CTCN, aims to assist developing countries in testing, evaluating, and scaling up innovative adaptation practices, products, and technologies.

UNEP-CTCN AFCIA Funding

UNEP-CTCN received US$ 5 million to administrate and start 25 Micro-Grants projects (up-to US$ 250,000 each) which will be implemented for 5 years to enhance climate resilience and adapt to climate change the program promotes knowledge sharing, best practice exchange, and strengthens South-South and triangular cooperation on innovation in adaptation among participating countries.

The eligibility and the application process are highlighted below:

Eligibility Criteria

AFCIA, provides grants in developing countries lacking accredited NIEs within the AF and among them prioritizes Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

Target regions include:

- Africa
- Asia-Pacific
- Latin America
- The Caribbean.

Application Process

A. Step 1: Submission of Technology Concepts

There are 3 opportunities to submit the technology concepts to UNEP-CTCN. They are given as follows:

- Applicants can complete the technology concept submission form in collaboration with their country's national focal points to the CTCN (National Designated Entity) and the Adaptation Fund (Designated Authority).
- The applicants can sign the technology concept submission form by the National Designated Entity (NDE) before official submission to UNEP-CTCN.
- The technology concept submission form can be submitted as a digitally signed Word file or as a signed and scanned PDF file along with an unsigned Word file.

Scan the QR Code to view the Technology Concept Template under UNEP-CTCN-AFCIA.

TECHNOLOGY CONCEPT GUIDELINES

The country's DA plays a crucial role in shaping the technology concept, they actively contribute to its design to ensure alignment with national needs. Furthermore, DA's involvement goes beyond the initial design, extending into subsequent phases leading to micro-grants project implementation.

The applicant is required to develop the technology concept submission form in close consultation with its national focal points to the Adaptation Fund, i.e. the Designated Authority and the CTCN National Designated Entity.

B. Step 2: Selection of Technology Concepts

- 6, 12, and 12 technology concepts are planned for selection in the first, second, and third rounds respectively.
- Evaluation criteria used in screening technical assistance requests in the CTCN technical assistance process are adopted, selecting the top-scoring technology concepts in each round.

C. Step 3: Development of Project Concepts Notes

- Selected CTCN Network Members will develop 30 project concept notes, with each taking up to 2.5 months.
- The NDE(s) of the respective country (or countries) must endorse them before submission to UNEP-CTCN. Activities include initial scoping assessments, stakeholder consultations, and drafting project concept notes with activity lists and deliverables.

D. Step 4: Selection of Project Concept Notes

- 25 project concept notes in total are to be selected to implement micro-grants projects. The same evaluation criteria applied in selecting technology concepts are used, selecting the top-scoring project concept notes in each round.
- An open tender process will select CTCN Network Members for micro-grants projects, each with an 18-month duration. The M&E strategy covers detailed work plans, M&E plans, and impact statements at the beginning, activity deliverables during implementation, and a project closure report at the end.

Only accredited agencies within the can apply for Large Grants.

Large Grants

Large innovation grants can fund projects at different scales and are separate from regular project funding caps.

Areas of Focus

- GENDER EQUALITY
- MARINE & FISHERIES
- NATURE-BASED SOLUTIONS
- INNOVATIVE ADAPTIVE FINANCING
- COMMUNITIES & CULTURAL HERITAGE
- FORESTS & FOOD SECURITY
- RURAL & URBAN DEVELOPMENT
- HUMAN HEALTH
- DISASTER RISK REDUCTION
- AGRICULTURE & COASTAL ZONE MANAGEMENT

Funding and Application Process

The funding and application process are highlighted below:

At-least six large grants of up to US$ 5 million will be applicable to accredited NIEs, RIEs and MIEs of Adaptation Fund. The implementation process will resemble that of single-country project and regional adaptation project.

Single Country Projects/ Programmes

NIEs in the project concept development stage of the Fund's cycle can request a project formulation grant (PFG), capped at US$ 30,000 per project, when submitting the project concept to the Board. PFGs aid formulation activities, such as feasibility studies. The grant is awarded only after Board endorsement of the project concept.

Regional Projects/ Programmes

RIEs and MIEs that are at the concept development stage of the Fund's project cycle process have the option to request a PFG up to a maximum of US$ 30,000 per project together with their submission of the regional project concept proposal to the AFB.

Scan the QR Code to view the template of the Project Formulation Grants (PFG).

Scan the QR Code to view the operationalisation of Large Grants

Accredited CSOs/NGOs can apply for Project Formulation Grants.

READINESS FUNDING PROCESS

The Adaptation Fund's Climate Finance Readiness Program aims to enhance the capabilities of national and regional entities in handling climate financing, particularly through the Direct Access modality. It focuses on building resilience to climate change in sectors like agriculture and urban areas. All applications should be sent to afbsec@adaptation-fund.org and carbon copy to idebnath@adaptation-fund.org and fmadziwa@adaptation-fund.org

Category	Explanation
Readiness Package Grants	This grant is available for accreditation of NIEs only, up to maximum of US$ 150, 000.
Project Formulation Grants (PFGs)	The grants are available to accredited NIEs up to US$ 50,00.
Technical Assistance (TA) Grants for Environment and Social Policy (ESP) and Gender Policy (GP)	This grant is meant for accredited NIEs, where TA -ESP is up to a maximum of US$ 25,000 and TA-GP is up to a maximum of US$ 10,000.

Key Focus Areas

Aid events for countries pursuing accreditation through small grants, organising readiness seminars and events, and creating tools and guidance documents to assist countries in obtaining accreditation with the Fund.

Assistance to accredited implementing entities, involving introductory seminars, fostering peer-to-peer learning, and offering small grants for project development and policy implementation, such as environmental and social policies.

Collaboration and partnerships with climate finance readiness providers.

Knowledge management, encompassing the publication of country case studies, media outreach, and documenting lessons.

A. READINESS PACKAGE GRANTS

Non-Accredited CSOs/NGOs can apply for Readiness Package Grants under the Adaptation Fund.

The AFB has made available several small grants under the Readiness Programme to help NIEs to provide peer support to countries seeking accreditation with the Fund and to build capacity for undertaking various climate finance readiness activities. While still supporting South-South Cooperation (SSC), the grant now offers a more comprehensive set of tools to address accreditation gaps within NIE candidates/applicants, assisting them in meeting the Fund's accreditation criteria more effectively.

Scan the QR Code to view the template of the Technical Review of the Readiness Package Grant.

Scan the QR Code to view the template of the application form of the Readiness Package Grant.

Objective

The readiness package aims to offer assistance for accreditation by utilising a range of tools to enhance the implementation of climate finance through Direct Access. This involves facilitating the engagement of experts in fiduciary, governance, and other relevant areas to assist entities in navigating the accreditation process. The goal is to effectively address technical gaps and challenges, ensuring a successful completion of the process and obtaining accreditation with the Fund.

Eligibility criteria

All applicants should meet the following criteria:

- The country must be a developing country Party to the Kyoto Protocol or Paris Agreement that does not have two NIEs accredited with the Fund.
- The country of the NIE candidate must have a Designated Authority (DA) to the Adaptation Fund.

Please Note: *It is expected that the dialogues, such as initial assessment, gaps and challenges should be discussed between the DA of the country seeking to have an NIE accredited with the fund (the identified NIE candidate) and the intermediary before an application is submitted. Furthermore, the grants is available as a once off grant per NIE seeking accreditation with the Fund.*

Funding process

The Readiness Package Grant is exclusively for NIE accreditation, with a maximum limit of US$ 150,000 per NIE. **Proposal windows are open annually from February 1 to March 31 and from July 1 to August 31. The funding process is as follows:**

1. The eligible DA in a developing country identifies an accredited Implementing Entity as an Intermediary for Readiness Package Grant support.
2. Through collaborative dialogue, the country seeking NIE accreditation, and the identified Intermediary jointly prepare a proposal, considering application form requirements and addressing accreditation needs and gaps.
3. The Intermediary submits the proposal to the Adaptation Fund Board Secretariat following the Fund's process and procedures.

4. The Board Secretariat reviews the application, makes a recommendation to the Board, and the Board decides on the proposal.
5. Approved funds are then transferred to the Intermediary for implementation alongside the country seeking accreditation.
6. The Adaptation Fund may organize capacity-building workshops for intermediaries and developing countries interested in Direct Access modality resources. The workshops, among a minimum, would aim to achieve the following:
   - Provide up-to-date information about the Fund, its accreditation process, and procedures,
   - Facilitate the exchange of accreditation experiences by developing countries and entities seeking accreditation with the Fund and those that have provided accreditation support,
   - Outline and explore solutions to challenges and gaps being experienced within different regions and by individual applicants,
   - Discuss and explore solutions to challenges faced by intermediaries in delivering support for NIE accreditation.

B. PROJECT FORMULATION GRANTS

The Adaptation Fund Board has introduced Project Formulation Grants (PFGs) for accredited NIEs of the Adaptation Fund to enhance their project preparation and design capabilities. NIEs in the concept development stage of the Fund's project cycle process can request a PFG, with a maximum allocation of US$ 50,000 per project, concurrently with their submission of the project concept to the Board. PFGs are designed to support various project formulation activities, including feasibility studies or consultations. The Board endorses a PFG only when a project concept has been presented to and approved by the Board.

Scan the QR Code to view the template of the Project Formulation Grants (PFG).

These grants aim to enable NIEs to leverage external expertise, enhancing their capacity for technical assessments crucial for designing adaptation projects and programs. Additionally, this process empowers NIEs to proactively gather information on the anticipated impacts of climate change on people and the environment. Moreover, it facilitates the identification of potential environmental, social, and gender-related effects of the project or program, allowing for preventative measures to avoid, address, or minimize these impacts.

C. TECHNICAL ASSISTANCE GRANTS

As a component of the Readiness Programme, the Adaptation Fund Board has chosen to offer Technical Assistance (TA) grants to accredited NIEs. The grants are meant to help NIEs tap into external (international or national) expertise in the form of short-term consultant assignments.

All applications should be sent to *afbsec@adaptation-fund.org* and carbon copy to *idebnath@adaptation-fund.org* and *fmadziwa@adaptation-fund.org.*

Technical Grant and Environmental and Social Policy and Gender Policy (TA-ESGP)

Accredited NIEs are eligible to apply to the TA-ESGP Grant for a maximum of US$ 25,000 per NIE, aiming to enhance internal capacity in simultaneously addressing environmental, social, and gender-related risks within their adaptation projects and programs. If the grant is approved, the NIE will be responsible for sourcing and recruiting the consultant(s) directly.

When submitting the grant proposal, accredited NIE applicants must include a letter of endorsement endorsing the proposal, signed by the country's Designated Authority of the Adaptation Fund. The NIE assumes responsibility for executing the grant, overseeing all facets of procurement, contracting, and payments, encompassing financial and non-financial reporting. The Adaptation Fund Board Secretariat will assess the applications, considering the sufficiency and validation of the proposal, and forward a recommendation to the Project and Programme Review Committee (PPRC) for intersessional endorsement of funding by the Adaptation Fund Board.

Technical Assistance Grant for Gender Policy (TA-GP)

The TA-GP is up to a maximum of US$ 10,000 per NIE and can be used to source external expertise to strengthen NIE capacity to address gender-related issues in projects and programmes and at the institutional level to comply with the Fund's Gender Policy.

Scan the QR Code to view the template of the technical review.

Scan the QR Code to view the template of the letter of endorsement.

Scan the QR Code to view the template of the application form.

The Gender Policy (GP) of the Fund functions as the structure to ensure equal opportunities for both men and women to access and derive benefits from the Fund's resources, aiming to enhance their adaptive capacity and reduce vulnerability to climate change impacts. If the grant is approved, the NIE will be responsible for sourcing and recruiting the consultant(s) directly. When submitting the grant proposal, accredited NIE applicants must include a letter of endorsement endorsing the proposal, signed by the country's Designated Authority of the Adaptation Fund. The NIE assumes responsibility for executing the grant, overseeing all facets of procurement, contracting, and payments, encompassing financial and non-financial reporting. The Adaptation Fund Board Secretariat will assess the applications, considering the sufficiency and validation of the proposal, and forward a recommendation to the Project and Programme Review Committee (PPRC) for intersessional endorsement of funding by the Adaptation Fund Board.

Image: Freepik

D. ENHANCED DIRECT ACCESS (EDA) FUNDING

The funding available through the EDA window amounts to up to US$ 5 million per country. EDA is expected to create opportunities for building the capacity of local organisations to program adaptation finance and independently design and implement projects through locally led action.

Submissions should be sent to afbsec@adaptation-fund.org with copy to sdobardzic@adaptation-fund.org and agomes3@adaptation-fund.org.

Eligibility criteria

Country Eligibility: The country is a party to the Kyoto Protocol.

Applicant Eligibility: Accredited NIEs applying for Enhanced Direct Access grants.

Application Process

Grant proposals under the Adaptation Fund's EDA modality can be submitted following either the one-step (submission of a fully developed proposal) or two-step (submission of concept first, then the fully developed proposal).

Please Note: *The EDA grant application form must be submitted together with a signed letter of endorsement by the Designated Authority (DA) to the Adaptation Fund.*

Scan the QR Code to view the template of the Letter of Endorsement.

Scan the QR Code to view the fully developed proposal template.

Scan the QR Code to view the template of the Concept Note.

SECTION 1.1 C

GREEN CLIMATE FUND (GCF)

Glossary

1. **GCF ACCREDITATION:** A process were Organisations (Governments, Academic Institutions, CSOS, NGOSs) are officially recognized under GCF to be capable and trustworthy to carry out their projects.

2. **ACCREDITED ENTITIES (AES):** Refers to the accredited organisations with the GCF.

3. **GCF ACCREDITATION PANEL:** Consists of an independent technical panel that provide advice to the GCF Board on the application its receives for accreditation. Currently, there are 6 expert members on the Panel, endorsed by the GCF Board, providing a balanced representation between the developing and developed countries.

4. **ACCREDITATION MASTER AGREEMENT (AMA):** Refers to a legal contract between the Accredited Entities and the GCF. It outlines the terms and conditions for utilising GCF resources, thereby ensuring accountability in executing the GCF-approved projects.

5. **GCF BOARD:** Established by 194 UNFCCC member governments, it operates independently and follows guidance from the COP. Its duties include evaluating funding proposals, overseeing accreditation panel's performance, appointing members for the accreditation panel, etc.

6. **CONCEPT NOTE:** It refers to a brief document (up to 7 pages) outlining the main idea and objectives of a proposal or a project. With regards to the GCF, a concept note is submitted when applying for the accreditation process.

7. **DIRECT ACCESS ENTITIES (DAES) ACCREDITATION:** A type of accreditation, DAEs are local, national, or regional organisations nominated by National Designated Authorities. If nominated, they are eligible to receive GCF readiness support.

8. **CLIMATE INVESTMENT COMMITTEE:** (CIC or CIC 2): The CIC (or CIC2) in the GCF is a body responsible for overseeing and advising on the fund's investment decisions and strategies, particularly under the Project-Specific Assessment Approach. A global public-private partnership initiative working to make global finance flow consistent for lowering greenhouse gas emissions and enhancing climate resilience in the ecosystem. CIC collaborates with the GCF by channelling private sector investments into GCF-funded projects or by leveraging GCF resources to attract additional private capital for climate finance initiatives.

9. **DIGITAL PROPOSAL SUBMISSION (DPS):** A form that will open for an entity applying for accreditation if it passes the preliminary Project-Specific Assessment Approach. This form includes submitting a concept note and a filled-out questionnaire by the entity.

10. **FIDUCIARY STANDARDS:** It refers to certain ensures GCF that their funds and resources will be used in a responsible and proper manner by the Entity.

11. **FINANCIAL MANAGEMENT CAPACITY ASSESSMENT QUESTIONNAIRE (FMCA):** Evaluates an Entity's ability to manage project finances effectively by assessing its financial management systems, procedures, and policies, as well as legal and organisational aspects.

12. **FOCAL POINT (FP)/ NATIONAL DESIGNATED AUTHORITY (NDA):** Used unanimously, they are the main point of contact in a country for GCF matters. They ensure all project and program proposals submitted by an accredited entity, is in line with the country's priorities and needs.

13. **FUNDED ACTIVITY AGREEMENT (FAA):** It refers to an agreement signed by GCF and the AE that established how a project will be implemented.

14. **FUNDING PROPOSAL:** It consists of a detailed request submitted by an entity seeking financial support for a specific project aimed at addressing environmental challenges.

15. **INTERNATIONAL ACCESS ENTITIES (IAES) ACCREDITATION:** A type of accreditation, IAEs operate across multiple countries and have the authority to implement projects and initiatives aimed at addressing global environmental issues.

16. **INSTITUTIONAL ACCREDITATION:** A type of approach to accreditation, it involves the accreditation of an entire institution or organisation.

17. **INTERDIVISIONAL PROJECT TEAM (IPT):** A group that is composed of members from different divisions within the GCF and collaborating on projects or initiatives.

18. **INDEPENDENT TECHNICAL ADVISORY PANEL (ITAP):** Established by the GCF Board and used under the Project-Specific Assessment Approach, it provides an independent technical assessment of and advice on funding proposals applied by applying entities. iTAP is an independent technical advisory body that is accountable to the Board.

19. **NATIONAL ADAPTATION PLANS (NAPS):** They are strategic documents that outline a country's approach to adapting to climate change. Additionally, other planning processes, such as subnational and sectoral plans, are included to address specific adaptation needs at local and industry levels. Under the Readiness and Preparatory Support Programme, NAPs qualify for grants of up to US$ 3 million per country to support their development and implementation.

20. **PROJECT APPROVAL PROCESS:** A type of funding modality, this is available to accredited entities and refers to a sequence of steps and criteria's to be followed to be approved for the funding.

21. **PROJECT-SPECIFIC ASSESSMENT APPROACH (PSAA) ACCREDITATION:** A type of accreditation approach, it consists of entities seeking accreditation for a specific climate project.

22. **PROJECT PREPARATION FACILITY (PPF):** Provides financial support to help countries and organisations prepare climate projects for submission to the fund. This assistance covers activities such as project identification, feasibility studies, and the development of project proposals, ensuring that they meet the necessary criteria for GCF funding.

23. **READINESS AND PREPARATORY SUPPORT PROGRAMME (RPSP):** A type of funding modality, this is available to both accredited and non-accredited entities, it provides financial and technical assistance to countries to enhance their readiness and capacity to access GCF funding.

24. **SIMPLIFIED APPROVAL PROCESS:** A type of funding modality, this is available to accredited entities. It aims to simplify and accelerate the decision-making process for smaller-scale projects or activities that have low risks and can deliver immediate climate benefits.

25. **GCF SECRETARIAT:** A fully independent Secretariat which is responsible for executing the day-to-day operations of the Fund which is serviceable and accountable to the GCF Board.

GREEN CLIMATE FUND

The Green Climate Fund (GCF), established in 2010 and operational since 2015, it is a global financial mechanism designed to support developing countries in addressing the challenges posed by climate change.

Scan the QR Code to view the GCF Website

Areas of Focus

- ECOSYSTEM & ECOSYSTEM SERVICES
- LIVELIHOOD SECURITY
- FOREST & LAND USE
- FOOD & WATER SECURITY
- HUMAN HEALTH
- URBAN ADAPTATION
- LOW-CARBON & GREEN TRANSPORT

KEY FEATURES OF GCF

- Country-Led Approach: GCF follows a country-driven model, empowering developing nations for programming and execution. This ensures country ownership, translating NDC aspirations into concrete actions, supported by the accessible Readiness Programme for all developing countries.
- Open and Collaborative: Operating through a network of over 200 Accredited Entities, GCF collaborates directly with developing countries for project design and implementation. Partners include various entities, such as banks, development finance institutions, UN agencies, and CSOs.
- Diverse Financing Tools: GCF utilises grants, concessional debt, guarantees, and equity instruments, fostering blended finance and attracting private investments. This flexibility allows experimentation with financial structures to boost green market development.
- Equitable Resource Allocation: GCF allocates 50% of resources to both mitigation and adaptation in grant equivalents. At least half of adaptation resources benefit the most climate-vulnerable countries, including SIDS, LDCs, and African States, minimising trade-offs between adaptation and mitigation.
- Risk-Taking and Patient Capital: GCF provides value by enabling partners to elevate climate actions. Leveraging risk management capacities and robust frameworks, GCF accepts higher risks to support early-stage projects and foster innovation in policies, institutions, technology, and finance.

Types of Funding

- The Readiness and Preparatory Support Programme Grants – **For this funding, both accredited and non-accredited entities can apply.**
- The Simplified Approval Process
- The Project Approval Process for Full – Size Projects and Programmes

Eligibility Criteria for Funding

- Country Eligibility - All non-Annex I Countries that are signatories to the UNFCCC have eligibility to access the Green Climate Fund.
- Priority is accorded to the most vulnerable regions, including least developed countries (LDCs), Small Island Developing States (SIDS), and African States.

ACCREDITATION UNDER GCF

The accreditation form of GCF is submitted online.

To secure funding, institutions must undergo an "accreditation" process, evaluating their financial management and project safeguarding capabilities. Entities seeking to become Accredited Entities can submit the accreditation application form via the Digital Accreditation Platform (DAP) available at the GCF Apps Portal[44].

Applying entities must adhere to GCF standards related to financial, environmental, social safeguards, and gender. **GCF accreditation is valid for five years.**

The eligibility criteria, documents required and the application process for accreditation is given below:

Scan the QR Code to view the Template of the accreditation application.

Eligibility Criteria

To access whether applicant entities can manage GCF's resources, the GCF maintains certain fiduciary standards. Entities seeking accreditation should make sure that the Fund's Fiduciary Standards are met. Some of them are:

1. The entity needs to have its own legal status
2. The entity needs to have in place strong fiduciary standards, environmental guidelines, social guidelines and gender policies and procedures at the institutional level
3. The entity should be able to demonstrate that there is sufficient track record of such policies being implemented within the institutions and will accordingly be able to meet the Fund's standards

44 The applicant needs to fill out DAP account request. Once the request is accepted by GCF Secretariat, the applicants will receive a log-in to access the DAP.

Documents Required

Applicant agencies seeking accreditation are required to substantiate their claims with relevant background information, contact details, and documentation – this includes the entity's name, institution type, address, and contact person information. Furthermore, this section of the toolkit provides information on the mandatory documentation that applicant agencies need to complete as part of the accreditation process.

There are sections and sub-sections of the applications are given below –

Section II:

Information on how the institutions will contribute to furthering GCF objectives

Section IV:

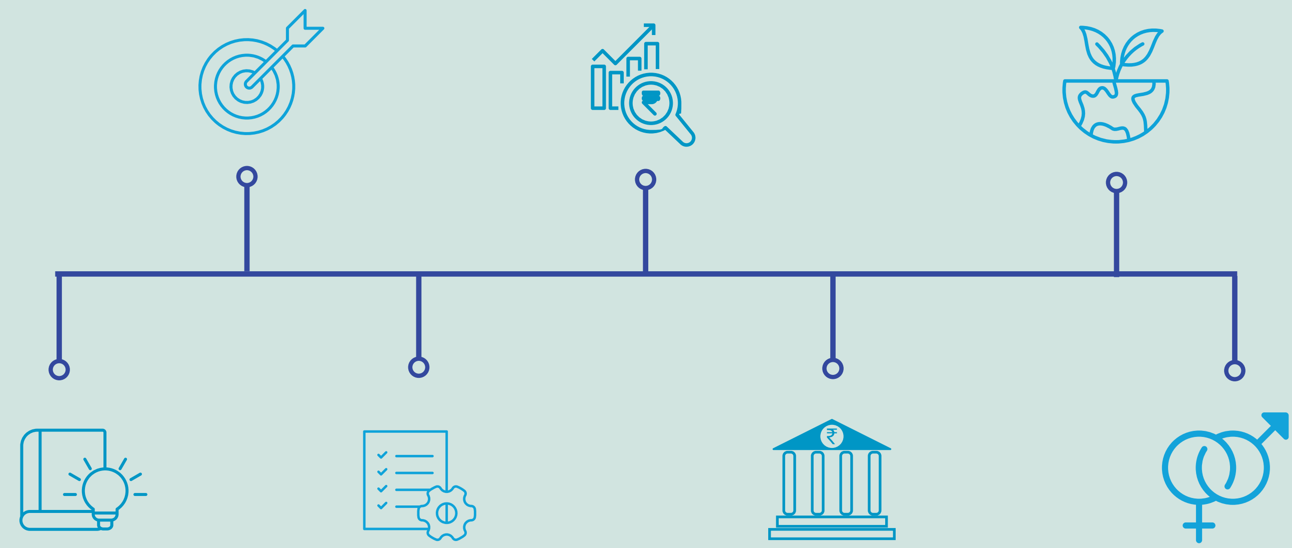
Basic Fiduciary Standards

Section IV contains three sub-sections within it, namely:

- Section IV.1: Key Administrative and Financial Capacities
- Section IV.2: Transparency and Accountability
- Section IV.3: Additional Questions for Fund Applicants

Section VI:

Environmental and Social Safeguards



Section I:

Background Contact

Section I contains three sub-sections within it, namely:

- Section I.1: Background and Contact Information
- Section I.2: Background Information on Track Record
- Section I.3: Background Information on Accreditation by Other Funds or Institutions

Section III:

Scope of intented projects/programmes and contribution requested

Section V:

Specialized Fiduciary Standards

Section V contains three sub-sections within it, namely:

- Section V.1: Project Management
- Section V.2: Grant Award and/or funding allocation mechanisms
- Section V.3: On-Lending and/or blending.
- Section V.4: Additional Questions for Fund Applicants

Section VII:

Gender

The necessary documents needed for the above-mentioned sections are in the below table.

Please Note: *The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the accreditation process. The list below is not exhaustive, and additional documents may be required.*

Mandatory documents for GCF Accreditation:

Category	Mandatory Documents
About the Organisation	1. Organisational Profile 2. Capacity Statements 3. Project Contracts and Project Reports[45] 4. Business Plans[46] 5. Project Evaluation Documents[47]
Strategic Alignment Documents	Project Scale and Duration[48]
Administrative Capacities Overview	Administrative and Project Budget Report[49] 1. Monitoring and Evaluation Documentation[50]
Financial Capacities Overview	1. Financial Auditing Documentation[51] 2. Project Appraisal Documents[52]
Anti-Fraud Policy Documentation	1. Ethical Conduct Documentation 2. Ethical Oversight Documentation

TABLE 9: Mandatory documents for GCF accreditation

Please Note: *First-time applicants with insufficient organisational experience should provide referee contacts from past projects and employers familiar with key investment personnel, demonstrating their capabilities in climate initiatives.*

45 Includes an example each of projects from chosen GCF sectors.
46 Includes long-term financial projections, staffing plans for climate related activities. Applicants lacking a proven track record should showcase their business plans in detail.
47 In an implementing role and mirroring an accredited entity role and financial Instrument and structure Agreements - e.g. Grant agreement, loan agreement, etc.
48 Includes size and duration of projects, co-Financing aggregated statistics report.
49 Includes the breakdown of project financing type and project approval timelines.
50 Includes project closure reports & evaluations.
51 Includes internal/ external auditing documentation, financial statements.
52 Includes 2 latest project appraisals, up-to last two years.

Approaches of Accreditation

Entities may seek accreditation to the GCF through two approaches. The figure below highlights the two different accreditation approaches:

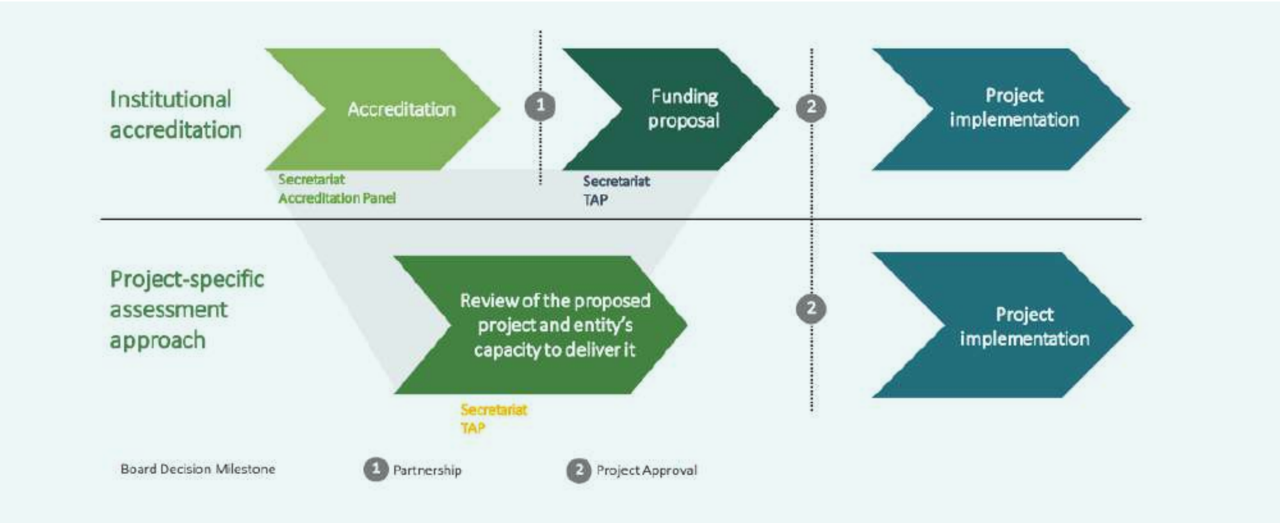


FIGURE 8: Approaches to GCF Accreditation

Abbreviation: TAP - Independent Technical Advisory Panel

Source: Green Climate Fund Website

Institutional accreditation - This approach involves the accreditation of an entire institution or organisation. The accredited entity undergoes an assessment to demonstrate its institutional capacity, policies, and systems for effectively managing climate finance projects. Once accredited, the entity gains the authority to propose, design, and implement climate projects without needing separate assessments for each project.

Project-specific assessment approach (PSAA) - In this approach, entities seek accreditation for a specific climate project rather than for the entire institution. The assessment focuses on the entity's capacity to implement the project, including its financial management, safeguards, and technical expertise. The choice between institutional accreditation and the PSAA depends on the entity's goals, capacity, and the nature of its involvement in climate finance projects.

GCF ACCREDITATION TYPES

There are 2 types of GCF Accredited Entities:

- Direct Access Entities (DAEs): DAEs are sub-national, national, or regional organisations that need to be nominated by developing country National Designated Authorities (NDAs) or focal points. They may be ministries or government agencies, development banks, climate funds, commercial banks or other financial institutions, private foundations, and non-governmental organisations.
- International Access Entities (IAEs): IAEs are AEs that are accredited under the international access modality track and operate across multiple regions and countries. IAEs include bilateral development agencies, multilateral development banks, United Nations organisations, intergovernmental organisations, and private sector financial institutions.

Organisations in the process of accreditation should seek advice from the GCF Secretariat to determine the most suitable accreditation method for their project requirements and future collaboration plans with GCF.

1. Institutional Accreditation Application Process

The figure below highlights the process of Institutional Accreditation:

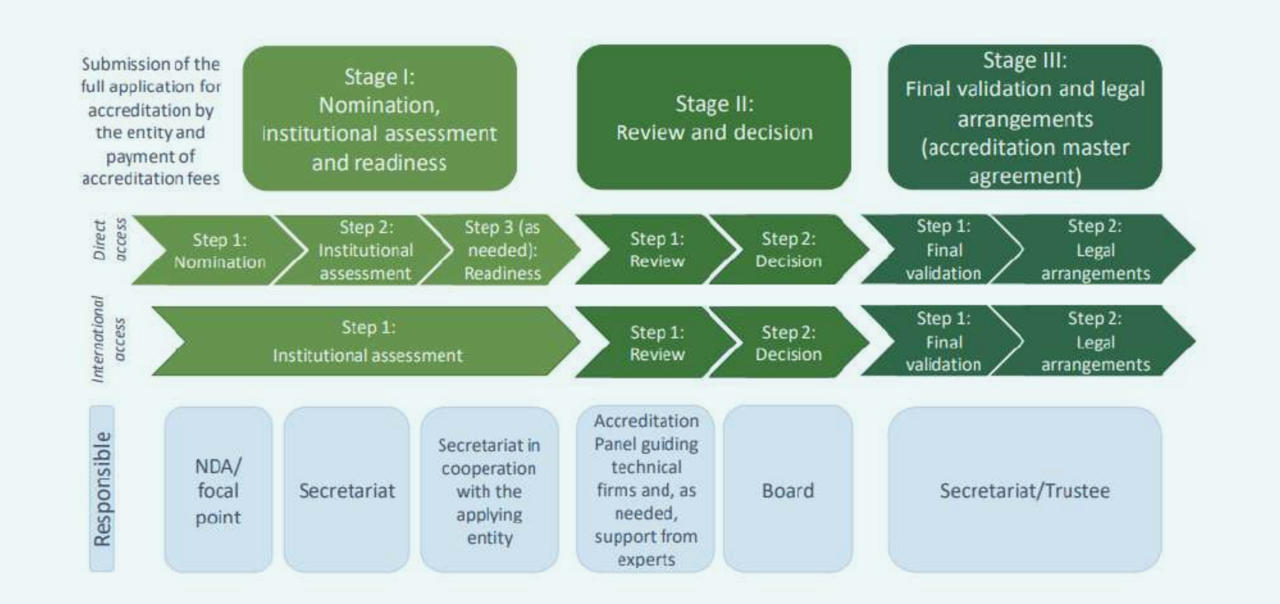


FIGURE 9: Overview to the Institutional Accreditation Process

Abbreviation: NDA – National Designated Authority

Source: Green Climate Fund Website

A) Preparing an application

- To start the application process, DAEs need to be nominated by a developing country NDA/focal point. On the other hand, International Access Entities (IAEs) can seek accreditation directly without any nomination.
- Post acceptance of nomination, applicants state their request for DAP login from the Secretariat. The Secretariat confirms their request, and the applicants then complete the main accreditation form from the portal.
- At this stage, accreditation application fees are paid, and the amount depends on the fiduciary functions and the size of financing for the proposed projects or programs that the accreditation applicant intends to receive GCF funding for.

Scan the QR Code to view the Template of the nomination letter.

ACCREDITATION FEES

1. Accreditation fees for micro-sized funding activities are waived for subnational and national entities in developing countries, including SIDS and LDCs.
2. Entities from SIDS and LDCs applying for small-sized funding activities have their accreditation fees waived for basic fiduciary standards. Their updated fee is US$ 3,000.

B) GCF Secretariat Application Review

- Upon receiving application fees, the GCF Secretariat reviews the accreditation application to ensure alignment with GCF's mandate and objectives in climate finance, contributing to developing country programming priorities.
- The Secretariat assesses whether the applicant provides adequate information on systems, policies, procedures, and guidelines to safeguard projects against financial, environmental, social, and gender risks[53]. Verification of the applicant's track record in applying these frameworks is also conducted.
- To ensure a correct application, the GCF Secretariat may engage in a back-and-forth correspondence with applicants, seeking additional details or clarification.

C) Independent Review by Accreditation Panel

After the GCF Secretariat is satisfied that the application completeness requirements are met, the submitted documents are forwarded to the Accreditation Panel.

D) Recommendation to the GCF Board

The GCF Secretariat and Accreditation Panel jointly submit recommendations to the GCF Board, comprising the Secretariat's assessment and the Panel's accreditation recommendation, including any suggested conditions if GCF standards are not fully met.

Please Note: *For a thorough and question-free application, the review process by the Secretariat and Accreditation Panel can take a minimum of six months. The decision of the application is given to the entity by the GCF Secretariat.*

E) Legal Arrangements

The Accredited Entity, upon approval, enters an Accreditation Master Agreement (AMA) with GCF. This legal contract outlines terms and conditions for utilising GCF resources, ensuring accountability in executing GCF-approved projects. For each approved project, the Accredited Entity signs a Funded Activity Agreement (FAA) with project-specific terms.

2. Project- Specific Assessment Approach (PSAA) Accreditation Application Process

The figure below highlights the PSAA to GCF accreditation

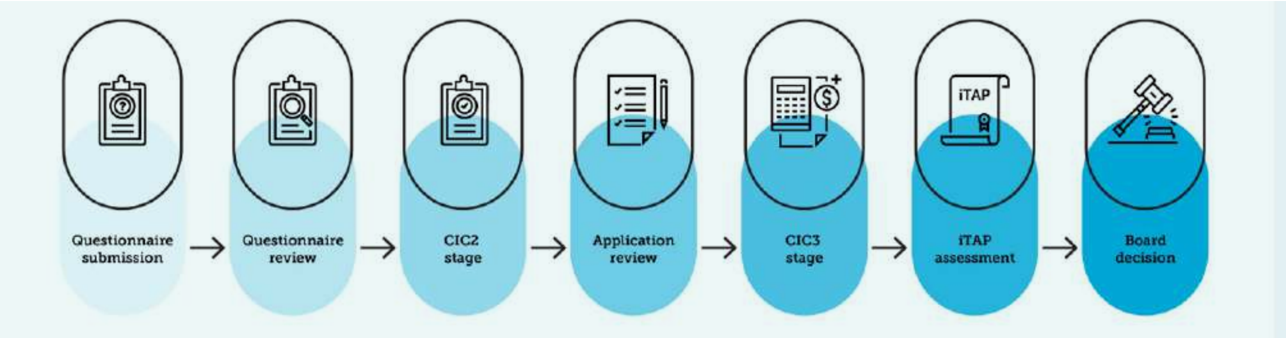


FIGURE 10: Overview to the PSAA Accreditation Process

Abbreviation: CIC – Climate Investment Committee, iTAP - Independent Technical Advisory Panel

Source: Green Climate Fund Website

53 These standards are elaborated further under the QR code of the Accreditation Application attached under "Accreditation under GCF

The PSAA Pilot Framework is applicable for 3 years (April 2023- March 2026), during which GCF will review up to 10 proposals. PSAA offers a targeted alternative to institutional accreditation, allowing GCF to assess specific projects or programs. It evaluates if the entity can execute the proposed project according to GCF standards, aiming for a more tailored approach compared to institutional accreditation. This new pathway will apply to entities from the public and private sectors, and non-profit organisations. **Priority will be given to project proposals coming from sub-national, national, and regional entities based in developing countries – particularly those from countries without an existing GCF Funded project or currently under-represented in the GCF portfolio.**

Please Note: *Entities completing the PSAA may pursue institutional accreditation for long-term partnerships.*

POINTS TO BE KEPT IN MIND WHEN APPLYING FOR PSAA ACCREDITATION

- Only funding proposals with low to medium environmental social risks and impact are eligible for PSAA.
- Each entity is capped at one approved funding proposal under PSAA.
- Nomination by the National Designated Authority or Focal Point (NDA/FP) is required, with a received no-objection letter (NOL) for the proposed project.
- Entities should exhibit a positive track record aligned with GCF objectives, financing, results areas, and environmental/social safeguards and gender risk management.

Scan the QR Code to view the template of the PSAA Questionnaire.

Scan the QR Code to view the guidance on how to make a Pitchbook.

Scan the QR Code to view the template of the country ownership and stakeholder engagement.

Scan the QR Code to view the information on the accreditation fees for PSAA.

Scan the QR Code to view the template of the nomination and no-objection letter.

PSAA accreditation application process

1. Questionnaire Submission

A. Entity PSAA Questionnaire Submission Process: An entity submits a complete PSAA questionnaire[54] for preliminary review, providing:

- Project/Programme summary
- Pitchbook[55]
- Evidence of country ownership & stakeholder engagement[56]
- NDA nomination letter[57]

Please Note: *This questionnaire is filled online; incomplete questionnaires will not proceed.*

54 Find the QR Code for the PSAA Questionnaire before the application process of PSAA.
55 Find the QR Code for the PSAA Pitchbook before the application process of PSAA.
56 Find the QR Code for the PSAA Country Ownership and Stakeholder Engagement summary before the application process of PSAA.
57 Find the QR Code for the PSAA nomination and no-objection letter before the application process of PSAA. The No-Objection letter is needed in the later stage of the accreditation.

B. If the entity passes the preliminary PSAA review by the Secretariat, it gains access to the Digital Proposal Submission (DPS).

- With access granted, the entity needs to submit the project/program concept note and PSAA documentation through the GCF template in the DPS system.
- In case access is not granted, the entity receives either regrets or an invitation to revise the questionnaire.

PSAA QUESTIONNAIRE GUIDANCE

Purpose:

- Assess alignment of the proposed climate project with developing countries' priorities and GCF's strategic objectives.
- Evaluate the entity's potential to meet basic accreditation requirements via PSAA.

Benefits:

- Help entities understand PSAA eligibility and GCF accreditation obligations.
- Save time and resources by early determination of project/programme partnership suitability.
- Sections in the PSAA Questionnaire: Contact information, Legal status, Access modality, Country ownership and stakeholder engagement, GCF engagement, Potential for contribution to the GCF mandate, Project/programme summary, Track record, Eligibility and obligations

Sections in the PSAA Questionnaire: Contact information, Legal status, Access modality, Country ownership and stakeholder engagement, GCF engagement, Potential for contribution to the GCF mandate, Project/programme summary, Track record, Eligibility and obligations

Completion Time:

- Approximately 20 minutes when all required information is available.
- Saving responses during the online completion is not possible.

Verification Process:

Stakeholder engagement information and/or nomination/no-objection letter will be reviewed and verified by the Secretariat.

2. Questionnaire Review and Climate Investment Committee (CIC) Stage

A. The GCF Secretariat verifies that the appropriate documents have been submitted through DPS. Documents include:

- PSAA questionnaire
- PSAA supporting documents.
- Concept Note

B. The Secretariat conducts an initial review of the concept note, PSAA questionnaire and supporting documents to assess whether the quality is sufficient for endorsement by the Secretariat's Climate Investment Committee (CIC) and convenes a kick-off meeting with the interdivisional project team (IPT).

C. Upon evaluation, the IPT determines whether to forward the proposal to CIC for endorsement, now known as CIC2. During CIC2, the committee scrutinizes the concept note, PSAA Questionnaire, and related documents, concentrating on key considerations:

- Does the project fully meet GCF investment criteria?
- Can the entity contribute to GCF's mandate?
- Are there reputational risks?
- Can the entity meet fiduciary standards and principles?
- Can the entity manage environmental, social, and gender risks?

D. The CIC2 determines whether to endorse the proposal for advancement, potentially including Project Preparation Facility (PPF) support if requested, or to return the proposal to the entity for revisions. If PPF resources are sought, the NDA must also provide a No-Objection Letter (NOL) before approving the PPF proposal[58].

E. Following CIC2 endorsement, the Secretariat sends the entity a PSAA application customized to the type of project, including specialized fiduciary standards that is required along with the estimated fees for the applying entity[59]. The fees is payable after Secretariat recommends the project for Independent Technical Advisory Panel (iTAP) consideration.

F. The entity submits the full funding proposal and PSAA Application via Digital Proposal Submission (DPS) again.

3. Application Review & C1C3 Stage

A. After receiving the PSAA application and Funding Proposal (FP) package, the Secretariat initiates parallel technical reviews:

- The PSAA application and funding proposal are forwarded to a contracted PSAA review firm for an institutional capacity assessment.
- If the overall capacity rating is high or medium, the assessment and funding proposal move to the CIC after obtaining technical clearances from IPT members and all Non-Objection Letters (NOLs).

Please Note: *To move to CIC3 stage, the NOL(s) must be submitted.*

- If the PSAA capacity rating is low, NDAs may request Readiness and Preparatory Support Programme (RPSP)[60] resources to address identified gaps.
- The CIC decides whether to endorse the proposal for submission to the iTAP for assessment and the Board for approval (Now known as CIC3).
- After CIC3 endorsement, the entity pays the PSAA accreditation fees before procceeding to iTAP assessment.

58 Find the QR Code for the PSAA no-objection letter before the application process of PSAA.
59 Find the QR Code for the PSAA Accreditation Fee policy before the application process of PSAA.
60 RPSP provides grants and technical assistance to National Designated Authorities (NDAs) and/or focal points (FPs). The objective is to enhance the capacity of national institutions to efficiently engage with GCF. RPSP is further explored in the next section of Part 1 of the Toolkit .

ACCREDITATION FEES FOR PSAA

The fees are categorised based on the maximum total projected amount, regardless of the GCF-funded portion for a specific project or program:

- Micro (up to and including US$ 10 million): US$ 800 for basic fiduciary standards and US$ 400 for each specialised fiduciary standard.
- Small (above US$ 10 million and up to and including US$ 50 million): US$ 4,000 for basic fiduciary standards and US$ 800 for each specialised fiduciary standard.
- Medium (above US$ 50 million and up to and including US$ 250 million): US$ 8,000 for basic fiduciary standards and US$ 2,400 for each specialised fiduciary standard.
- Large (above US$ 250 million): US$ 20,000 for basic fiduciary standards and US$ 5,600 for each specialised fiduciary standard.

4. iTAP Assessment and Board Decision

- The iTAP conducts technical assessments of funding proposals, analysing proposed projects/programmes against activity-specific criteria in the GCF initial investment framework.
- The iTAP assessment and the Accredited Entities (AE) responses are included in the funding proposal package for Board presentation.
- After iTAP endorses the funding proposal, the PSAA application go to the Board for approval.
- Following Board approval, the entity and GCF will sign a hybrid PSAA legal agreement, combining elements of the Accreditation Master Agreement (AMA) and Funding Activity Agreement (FAA), incorporating reporting requirements under GCF's monitoring and accountability framework.

Only accredited CSOs/NGOs can apply for funding (Full-Size Projects and Programmes, Simplifies Approval Process) under the Global Environment Facility.

Additional Information

Transferring of Funds to India

India receives funding from the Green Climate Fund (GCF) through various accredited entities These agencies assist in project development, implementation, and monitoring. Some of the key organisations that act as GEF implementing agencies for India include:

S. No	Name of the Organisation
1	United Nations Development Programme
2	United Nations Environment Programme
3	World Bank
4	National Bank for Agriculture and Rural Development (NABARD)
5	Small Industries Development Bank of India (SIDBI)

TABLE 10: GCF Fund Transferring Organisations

These agencies collaborate with the Government of India, NGOs, and other stakeholders to design and implement projects funded by the GEF to address the areas of focus within the GEF.

Non-accredited CSOs/NGOs can apply for the Readiness and Preparatory Support Programme Grant under the Global Environment Facility.

Note: Even accredited agencies of GEF can apply for this.

THE READINESS AND PREPARATORY SUPPORT PROGRAMME GRANT

The Readiness and Preparatory Support Programme (RPSP or the “Readiness Programme”) stands as the largest climate change capacity-building initiative globally with a special emphasis on developing countries. With approximately 600 approved grants totalling around US$ 400 million in 141 countries, the program supports institutional capacity building, coordination, policy, planning, and investment programming with an annual cap of US$ 1 million per country. Additionally, the programme aims to enhance broader enabling environments and financial systems, empowering stakeholders to present thorough funding proposals to the GCF.

Scan the QR Code to view the Readiness Knowledge Bank.

Scan the QR Code to view the 2024-2027 Readiness Programme Strategy.

Please Note: *The Readiness Strategy currently is revising; it is advised to read through the 2024-2027 Readiness Programme for latest knowledge and updates about the programme.*

The ticket size, eligibility criteria and the application process are given below:

Ticket Size

The Readiness Programme, initiated in 2015, offers flexibility in the form of grants or technical assistance. The Readiness Programme has two funding windows:

- General readiness for grants of up to US$ 1 million per country per year; and
- National Adaptation Plans (NAPs) and other planning processes, including subnational and sectoral plans for grants of up to US$ 3 million per country.

Eligibility Criteria

Country Eligibility: Developing country Parties within the UNFCCC are eligible to utilize the Readiness Programme, which endeavours to allocate a minimum of 50 percent of its resources to countries facing heightened vulnerability, encompassing least developed countries (LDCs), small island developing States (SIDS), and African States.

User Eligibility: Both Accredited and Non- Accredited Entities 9(such as NGOs, CSOs, Research Institutions, etc.) can apply for this funding.

Application Process

Highlighted below are the application process steps:

1. Needs Assessment:

- Accessing funding under the Readiness Programme begins with a needs assessment led by the NDA and involves extensive stakeholder engagement.
- Countries then submit a proposal template, budget, procurement, and implementation plan to request readiness support.

Please Note:

- *Only NDAs/ FPs can submit the Readiness Programme proposals to the GCF.*
- *Accredited entities once approved for readiness activity, known as the delivery partner, can be the NDAs for non-accredited entities.*
- *Non-accredited delivery partners will undergo a Financial Management Capacity Assessment (FMCA) to get eligibility for the Readiness Programme.*
- *NDAs may originate a proposal for readiness support on their own, or with the assistance of a delivery partner by assessing their needs, identifying specific capacity and/or technical gaps and challenges, or other barriers to climate finance access and deployment.*

2. Readiness Proposal Development:

- The completion of the readiness proposal template is the responsibility of the NDAs and/or FPs, with assistance from their delivery partner when applicable.
- The Proposal should include: The Proposal Template, The Budget, Procurement and Implementation Plan Template and Letters of Financial Support from Participating Countries signed by their NDAs.
- Completed proposal should be submitted through the GCF Country Portal
- The Division of Country Programming (DCP) will perform a completeness check to confirm if all the required information and documentation have been provided.

Additional Step for Non- Accredited Entities

- In cases where a first-time delivery partner is not a GCF Accredited Entity, completion of the Financial Management Capacity Assessment questionnaire is mandatory.
- The Secretariat evaluates the provided documentation to determine the eligibility of the delivery partner. Given below are the details of what the questionnaire will entail.

3. Proposal Appraisal: Upon the submission of the Proposal and approval of the Financial Management Capacity Assessment (FMCA) (for non-accredited entities), the Secretariat conducts appraisal to ensure that the proposal adheres to GCF standards and complies with the GCF objectives and the GCF Board decisions. If approved of the appraisal, the Secretariat endorses the application.

WHAT IS THE FINANCIAL MANAGEMENT CAPACITY ASSESSMENT (FMCA) QUESTIONNAIRE?

1. It serves the purpose of evaluating the financial project/program management capabilities of entities responsible for implementing the readiness activities outlined in the Readiness Proposal. The main aim of the questionnaire is to assess how the entity will be able manage the finances of the Readiness project.
2. The application should be sent to *fmca@gcffund.org*
3. Instructions for Completing the Documents:
   - Conciseness is encouraged; however, if additional information is necessary, please attach it.
   - Note that GCF email accounts may not accept messages with attachments exceeding 10MB.
   - For assistance in completing the questionnaire, please email the relevant National Designated Authority (NDA). **In the case of India, the focal point is Ms. Rajasree Ray – given below are her contact details.**

     Ms. Rajashree Ray: Ministry of Environment and Climate Change Economic Advisor, Indira Paryavaran Bhavan, Jor Bagh Road, New Delhi 0 110003, India. Phone No. 011-2081-9197, E-mail ID. rajashree.r@nic.in
4. The analysis of FMCA documentation will be finalised within a ten-week review period, starting upon GCF's confirmation of a complete submission. Organisations with associated Readiness and Preparatory Support Proposals already submitted to the Secretariat will receive priority processing. Therefore, applicants are encouraged to collaborate with NDAs and concurrently develop Readiness and Preparatory Support Proposals during the FMCA documentation processing.

4. **Proposal Approval:** The endorsed proposal is authorised and approved by the Executive Director, the Deputy Executive Director, or the Director of the DCP, depending on the size and scope of the proposal.

5. **Legal Processing:** Upon approval, legal arrangements are finalised through a grant agreement with the grant recipient, either the NDA or the nominated delivery partner. The grant recipient provides a legal opinion to activate the grant agreement. After its effectiveness is declared, the grant recipient submits necessary documents to initiate the first disbursement. Readiness resources are then transferred to the designated bank account of the grant recipient.

6. **Implementation, Monitoring, and Reporting:** The grant recipient proceeds to implement readiness activities according to the approved proposal, work plan, and budget. Reporting to the GCF occurs per the agreed schedule outlined in the grant agreement, covering the work plan, budget, and established targets. The Secretariat reviews these reports, and any proposed activity revisions or budget reallocations require approval from the Secretariat.

7. **Completion:** Upon submission of all mandated reports, deliverables, and audited financial statements, the GCF Secretariat confirms the completion of the Readiness request and officially closes the grant.

THE SIMPLIFIED APPROVAL PROCESS (SAP)

With the GCF rapidly expanding its project portfolios, there is also simultaneously a need to simplify and streamline the approval of smaller scale projects. With this view, GCF's Board has endorsed a novel approach called the Simplified Approval Process (SAP). SAP aims to streamline and expedite the preparation, review, approval, and disbursement procedures for certain activities, particularly small-scale ones. They provide financial and technical assistance to support the preparation of project and programme funding proposals through the Project Preparation Facility (PPF). The simplifications encompass three main aspects:

1. The application process is more straightforward, with dedicated templates for Concept Notes and full Funding Proposals, requiring fewer pages and simplified form-filling.
2. The review processes are streamlined for efficiency.
3. Post-approval stages are facilitated and expedited.

These simplifications are designed to significantly reduce the time and effort required to move from project conception to implementation. A funding request for SAP should total no more than US$ 25 million for the overall project budget.

Areas of Focus

EARLY WARNING & MONITORING SYSTEMS

HOUSEHOLD FACILITIES DEVELOPMENT

RURAL AND URBAN COMMUNITY PROJECTS

Please Note: *The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the accreditation process. The list below is not exhaustive, and additional documents may be required.*

Scan the QR Code to view the template of the Project Concept of SAP.

Scan the QR Code to view the template of the SAP Funding Proposal.

Scan the QR Code to view the Project Preparation Facility Funding (PFF) Template.

Scan the QR Code to view the SAP Resources Bank.

Application Process

The application process is as follows:

1. **Proposal Submission:**

- Accredited Entities (AEs) and NDAs must submit Concept Notes through the online DPS portal. It is important to note that submission and endorsement of the concept note are required for PPF requests.
- The GCF Secretariat validates the risk category and informs the AE and/or NDA of the project's eligibility under the SAP.
- The AE creates a Funding Proposal using the dedicated SAP Funding Proposal template and submits the proposal through the online submission's portal.
- The GCF, upon request from the entity and in agreement with the NDA, may offer technical assistance to finalise the proposal.

2. **Proposal Review:**

- The GCF Secretariat and the Independent Technical Advisory Panel (iTAP) conduct a review of the Funding Proposal.
- The eligibility of activities included in the Funding Proposal is assessed on a case-by-case basis to determine their compatibility with the SAP.

3. **Board Approval:**

- Board will consider the Funding Proposals for approval.
- The Secretariat aims to execute these decisions at the current or the next Board meeting.

4. **Post- Approval:**

- The Secretariat expedites the post-approval process, as appropriate.

5. **Implementation:**

- During the implementation, a robust monitoring shall ensure compliance with GCF procedures and safeguards are maintained.

THE PROJECT APPROVAL PROCESS FOR FULL – SIZE PROJECTS AND PROGRAMMES

GCF Project/Programme Activity Cycle outlines the various stages that a climate project or program goes through from conceptualisation to implementation and evaluation. This process consists of 10 Stages. Below is the diagram which explains the steps involved in the GCF project approval process[61].

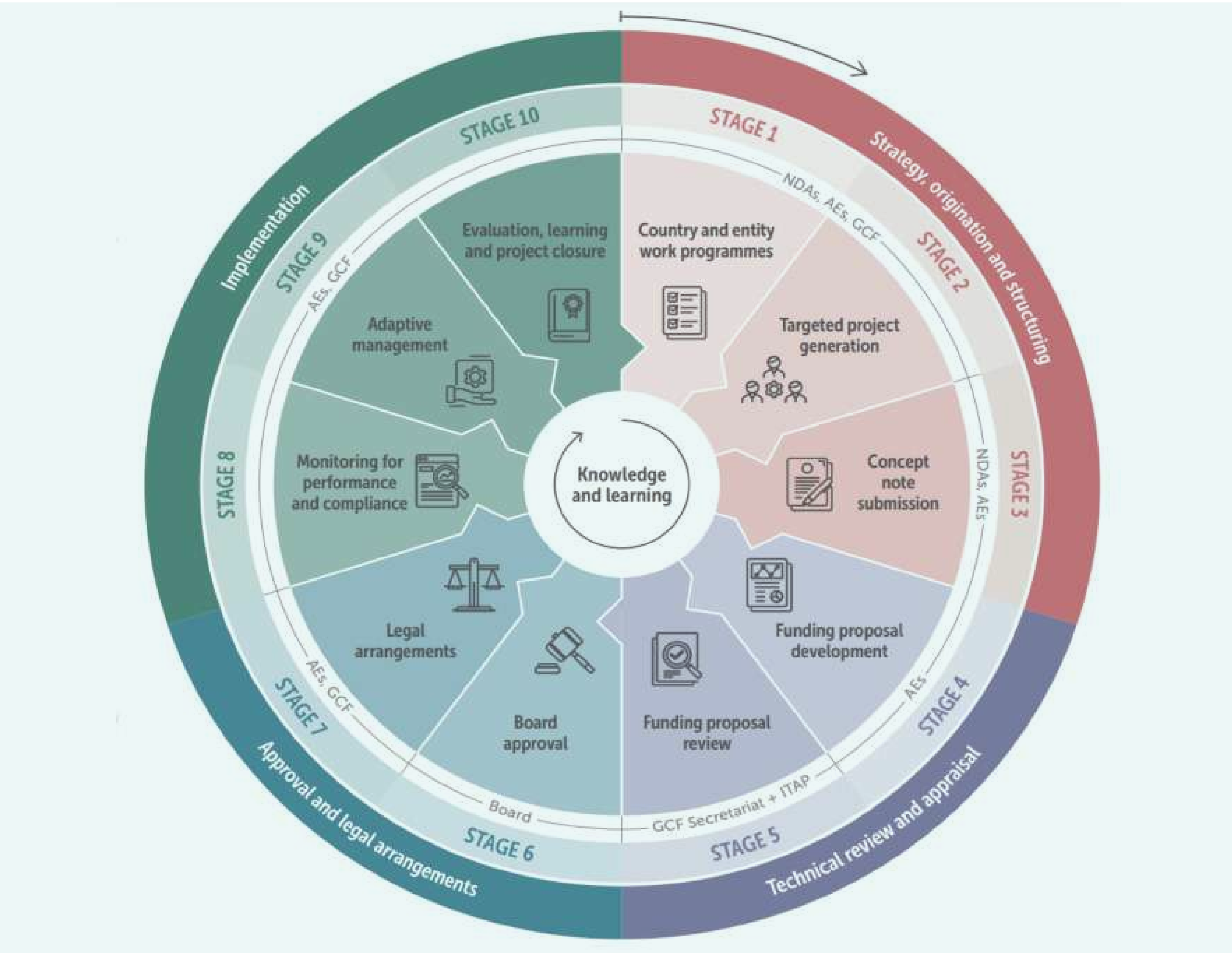


FIGURE 11: Application Process of the GCF Full-Sized Project

Abbreviation: AE – Accredited Entity, NDA – National Designated Authority, iTAP - Independent Technical Advisory Panel, Source: Green Climate Fund Website

Scan the QR Code to view the Project Cycle guidebook.

Scan the QR Code to view the template of the Concept Note.

Scan the QR Code to view the checklist of the Concept Note.

61 This toolkit will focus on the specific sections of the GCF Project Cycle, which is pertinent to the CSOs and NGOs.

Stage 3 Concept Note Submission

In Stage 3, the development and submission of concept notes (CNs) involve presenting a concise overview of a proposed project/programme. This stage allows the Secretariat to review and provide feedback on initial project/programme concepts. While the submission of CNs is voluntary within the GCF Project Cycle, Accredited Entities (AEs) and National Designated Authorities (NDAs) are strongly encouraged to do so. This practice aims to streamline the review process, reduce transaction costs, and potentially enhance the "quality at entry" for funding proposals. Effective coordination between AEs and NDAs/focal points is essential to align proposed activities with country priorities. The AE, representing the NDA, submits the CN to the GCF Secretariat, which subsequently notifies the NDA/focal point of the submission.

SECTION 1.2

MULTILATERAL CLIMATE FUNDING UNDER NON-UNFCCC MECHANISMS

This section will focus on non-UNFCCC funding mechanisms, which play a crucial role in mobilising resources to address climate change beyond the UNFCCC framework. The non-UNFCCC mechanisms encompass of a diverse array of financial tools, institutions, and initiatives led by various countries, organisations, and private entities.

Examples of Non – UNFCCC mechanisms are UN Agencies and Multilateral Development Banks (MDBs). They reflect a decentralised, collaborative approach to global efforts against climate change and support climate finance initiatives through technical assistance, capacity building, and project implementation. These mechanisms work to ensure that climate finance is accessible, effective, and aligned with the sustainable development goals. This emphasises the need for diverse approaches to tackle the intricate challenges posed by climate change.

The following section will detail the Intergovernmental Organisations such as the UN Agencies and MDBs focus areas, functions, and where applicable, the funding scopes and application procedures.

WHAT ARE MEMBER STATES?

Member states refer to countries or sovereign nations that are officially recognised as participants or members of a particular international organisation, alliance, or institution. These states voluntarily join these entities to collaborate, share resources, and work collectively towards common goals or objectives. In the context of international organisations like the United Nations, World Bank, International Monetary Fund, or specialised agencies like the Food and Agriculture Organisation (FAO) and the International Fund for Agricultural Development (IFAD), etc., member states are those countries that have formally become part of the organisation by expressing their consent to its rules, regulations, and membership requirements. Some of the examples of the member states include- India, United States, United Kingdom, China, Nigeria, Australia, etc.

Section 1.2 (A)

Intergovernmental Organisations: United Nation Agencies

UN Agencies are intergovernmental organisation where they are organisations formed by sovereign states to collaborate on shared issues. These agencies operate based on treaties and agreements between countries and focus on areas like environment, trade and security. Given below are some of the UN Agencies available for financing for a climate project:

GEF – Accreditation Process
GEF – General Application Process
AF – Accreditation Process
AF – General Application Process
GCF – Accreditation Process
GCF – General Application Process
Non – UNFCCC Mechanisms
International Philanthropy Funding

United Nations Agencies: Food and Agriculture Organisation

ABOUT FAO

To make **agri-food systems** more sustainable to climate change and improve **rural livelihood** by promoting land and water sustainability.

Scan the OR Code to access FAOs website for more information.

FAO's FOOTPRINT

FAO flourishes with a dynamic blend of support, primarily relying on assessed contributions and voluntary contributions from member countries. The active participation of the private sector and NGOs further contributes to ensuring organisational and program effectiveness.

FAO functions in 195 **members countries** and the UN member countries are eligible for funding.

UNITED NATIONS AGENCIES

FOOD AND AGRICULTURE ORGANISATION

FAO VISION:

Acting on climate change, the response to climate change today will determine how they feed future generations tomorrow.

AREAS OF FOCUS

1 NO POVERTY; 2 ZERO HUNGER; 8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

ACCREDITATION TO

GREEN CLIMATE FUND

ADAPTATION FUND

gef global environment facility INVESTING IN OUR PLANET

TICKET SIZE AND FUNDING

Ticket Size **varies on the size and nature of the project.**

FAO's employs a flexible funding approach to cater to the diverse needs of countries and communities. This includes **Grants, Technical Assistance and/or Concessional Loans.**

Discover impactful initiatives through the collaboration between GCF and FAO in India by scanning this QR Code:

United Nations Agencies: International Fund for Agricultural Development

ABOUT IFAD

IFAD is dedicated to **eradicating poverty and hunger in rural areas** of developing countries with an aim of improving agricultural development and livelihoods in developing countries.

The projects and **IFAD operations are carried out in remote and environmentally fragile locations**, including Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

Scan the QR Code to access IFADs website for more information.

IFAD's FOOTPRINT

IFAD employs a multi-faceted financing approach to support its mission. The primary source of funding is derived from contributions provided by member countries and through borrowing in from other international financial markets.

IFAD functions in Developed and Developing Member States. The funding is given to:

- Inter-governmental Organisations
- Civil Society Groups
- Research Institutions
- Private Sector Entities.

UNITED NATIONS AGENCIES

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

IFAD

Investing in rural peopl

IFAD VISION

To envision vibrant, inclusive, and sustainable rural economies, where people live free from poverty & hunger.

AREAS OF FOCUS

ACCREDITATION TO

GREEN CLIMATE FUND

ADAPTATION FUND

gef global environment facility INVESTING IN OUR PLANET

TICKET SIZE AND FUNDING

Grants for Research and Technical Assistance: IFAD provides grants for research and capacity building in agriculture, natural resources, and strategies to address rural poverty.

Grant Funding Options

- **LARGE GRANTS** - Ranging from US$ 0.5 million to US$ 2 million
- **SMALL GRANTS** - Less than US$ 0.5 million

Discover the information about the programs and how to apply for them by scanning this QR Code:

United Nations Agencies: United Nations Development Programme

ABOUT UNDP

UNDP is the **lead agency under the United Nations** and works to **eradicate poverty and reduce inequality.**

UNDP helps countries enhance policies, leadership, partnerships, and capacities to build resilience and achieve the SDGs.

Scan the QR Code to access UNDPs website for more information.

UNDP's FOOTPRINT

UNDP gets **41% of its funding from Donor Countries and Governments, 35% from Multilateral Institutions and 24% from programme country governments.**

UNDP operates globally, namely in, Asia and the Pacific, North America, Latin America and the Caribbean, Africa, Europe, and Central Asia, etc.

UNITED NATIONS AGENCIES

UNITED NATIONS DEVELOPMENT PROGRAMME

U N
D P

UNDP VISION:

UNDP's mandate is to end poverty, build democratic governance, rule of law, and inclusive institutions.

AREAS OF FOCUS

1 NO POVERTY

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

FUNDING SCOPES

The Sustainable Finance Hub (SFH) under UNDP, established in April 2019, globally collaborates with governments, the private sector, and CSOs, providing resources and opportunities for participation in sustainable finance initiatives supporting the SDGs. GCF – Small Grants Programme (SGP), supports community-driven projects addressing global environmental challenges. Operating within the GEF Corporate Programme, SGP empowers local civil society, including marginalized groups, through a decentralized approach and contributes to achieving GEF-supported environmental goals aligned with the SDGs.

ACCREDITATION TO

GREEN CLIMATE FUND

ADAPTATION FUND

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United Nations Agencies: United Nations Environment Programme

ABOUT UNEP

UNEP is the **primary environmental authority** within the UN system.

It collaborates with:

- UN Entities
- Civil Societies Groups
- Governments
- Private Sector

Scan the OR Code to access UNEPs website for more information.

UNEP's FOOTPRINT

UNEP relies on **voluntary contributions for 95% of their funding from their partners with the GEF, AF being UNEP's core source of funding.**

UNEP operates globally, working in over **193 member states**, namely, in Asia and the Pacific, North America, Latin America and the Caribbean, Africa and Europe.

UNITED NATIONS AGENCIES

UNITED NATIONS ENVIRONMENT PROGRAMME

UNEP

UNEP VISION:

To inspire, inform, and enable nations and peoples to improve their quality of life without compromising that of future generations.

AREAS OF FOCUS

3 GOOD HEALTH AND WELL-BEING

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

ACCREDITATION TO

GREEN CLIMATE FUND

ADAPTATION FUND

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FUNDING SCOPES

The Ecosystem-based Adaptation (EbA) Fund which supports projects that use nature-based solutions to adapt to climate change and the Seed Capital Assistance Facility (SCAF) offers co-funding for early-stage clean energy projects are some of the funding scopes available to CSOs.

Discover more on SCAF fund by scanning this QR Code:

Discover more on EbA fund by scanning this QR Code

UNEP Accreditation

This provides CSOs with consultative status at UNEP, granting access to unedited working documents of UN Environment Assembly (EA) and allowing active participation in public meetings and discussions.

Discover more on UNEP Accreditation by scanning this QR Code:

Section 1.2 (B)

Multilateral Development Banks

Along with UN Agencies, MDBs also help to providing funding to the global challenges. MDB is an international financial institution chartered by two or more countries for the purpose of encouraging economic development to developing or under-developed nations.

MDBs consist of member nations and provide loans and grants to developing or under-develop nations of the member nations to fund projects that support social and economic development. As of the 2023 World bank annual report, most MDBs are funding infrastructure, energy, education, and environment sustainability in developing countries. A few MDBs are explained in context to their funding and financing process.

Asian Development Bank

ABOUT ADB

ADB was established to **support economic growth in the Asia-Pacific region.** With 68 shareholding members, including 49 from Asia-Pacific, ADB raises funds through global bond issuance.

Scan the QR Code to access ADBs website for more information.

ADB's FOOTPRINT

ADB is **funded by members' contributions, earnings from lending, and loan repayments.**

ADB operates in the Asia-Pacific region and extends its support to a variety of countries, both developing and developed. The specific criteria may vary depending on the fund or program within ADB.

MULTILATERAL DEVELOPMENT BANKS

ASIAN DEVELOPMENT BANK

ADB
ASIAN DEVELOPMENT BANK

ADB VISION:

To create a world free of poverty on a liveable planet.

AREAS OF FOCUS

1 NO POVERTY
2 ZERO HUNGER
5 GENDER EQUALITY
10 REDUCED INEQUALITIES

ACCREDITATION TO

GREEN CLIMATE FUND
ADAPTATION FUND
gef global environment facility INVESTING IN OUR PLANET

FUNDING SCOPES

Adopting a results-based lending approach, ADB links disbursements to achieved project outcomes. The project focus includes mitigation efforts in the transport and energy sectors, while adaptation projects prioritize agriculture, natural resources, rural development, water, urban infrastructure, and energy.

APPLICATION PROCESS FOR APPLYING TO FUNDS:

The ADB project approval process involves several key steps: Concept Clearance, where preliminary fact-finding is conducted; Due Diligence, involving on-site investigations by the ADB project team; Term Sheet Negotiation, where terms and conditions are discussed; Final Review, where an appraisal report and internal documentation are prepared; Board Consideration, where the endorsed assistance is presented to the ADB Board of Directors; and Financial Closure, finalising and signing project documentation after Board approval.

World Bank

ABOUT WORLD BANK

The world Bank supports the economic development of developing countries by offering financial assistance, guidance, and research to them.

World Bank aims to assist countries in turning their NDCs into practical climate polices and investment plans.

Scan the OR Code to access WBs website for more information.

WORLD BANK's FOOTPRINT

Developing countries and emerging economies of the ECA region are eligible for climate related development funding from the WB.

MULTILATERAL DEVELOPMENT BANKS

WORLD BANK

THE WORLD BANK

WORLD BANK VISION:

To create a world free of poverty on a liveable planet.

AREAS OF FOCUS

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

ACCREDITATION TO

GREEN CLIMATE FUND

ADAPTATION FUND

FUNDING SCOPES

The World Bank, through IBRD and IDA, offers grants, trust funds, low-interest loans and zero to low-interest credits, and grants to support various investments in developing countries. It also provides information-sharing through policy advice, research, analysis, and technical assistance, catering to both public and private sectors.

A well know example of World Bank grants is the - The International Development Association (IDA).

What They Do?

Provide concessional financial resources aimed at supporting the world's poorest countries.

Discover the procurement call under the World Bank by scanning the QR Code:

European Bank for Reconstruction and Development (EBRD)

ABOUT EBRD

The EBRD, established post-Cold War, aims to foster market-oriented economies and entrepreneurial initiatives.

Scan the OR Code to access EBRDs website for more information.

EBRD's FOOTPRINT

Nearly half of its yearly investment is now directed towards green energy.

Operating in about 40 countries, including Central Europe, Central Asia, Southern and Eastern Mediterranean, and the West Bank and Gaza, EBRD emphasizes climate finance through its Green Economy Transition approach.

MULTILATERAL DEVELOPMENT BANKS

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

European Bank
for Reconstruction and Development

EBRD VISION:

A more integrated, resilient, inclusive, and green continent.

AREAS OF FOCUS

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

ACCREDITATION TO

GREEN CLIMATE FUND

ADAPTATION FUND

gef global environment facility INVESTING IN OUR PLANET

FUNDING SCOPES

EBRD offers private sector project funding through loans or equity, ranging from US$ 5 million to US$ 250 million. Smaller projects in less developed countries may receive funding through financial intermediaries or specific programs. The FINTECC program promotes advanced climate technologies in Early Transition countries and the Southern and Eastern Mediterranean region, providing incentive grants for eligible technologies alongside EBRD loans.

APPLICATION PROCESS:

The EBRD project cycle comprises several key stages. It begins with the Concept Review, where EBRD management approves project concepts, financing structure, and obligations, signing a mandate letter outlining the project plan. Subsequently, the project undergoes a Final Review, with a negotiated business deal and signed term sheet after thorough due diligence. The project is then presented to the Board of Directors for Approval, unless delegated to management. Following Board approval, the deal becomes legally binding upon signature by EBRD and the client. Funds are disbursed from the Bank's account to the clients upon meeting repayment conditions and Bank requirements, with the client repaying the loan amount according to the agreed schedule.


BSF

Section 1.3
BILATERAL FINANCING MECHANISM

Bilateral funding sources stem from dedicated funds established by individual countries to aid developing nations in adhering to global climate change initiatives. Many countries provide financial support for climate projects through their international development agencies (For example: USAID, KfW, JICA, SDC, etc.), while some countries contribute directly to multilateral funds (For example: GCF, GEF, AF, etc.).

Bilateral Finance Institutions (BFIs) are national-government-established banks designed to support, promote, and finance specific development projects and programs in developing countries. These banks operate with a dual objective—seeking profit while pursuing developmental goals. Bilateral Development Agencies function within individual countries' governments, typically aligned with foreign policy objectives and actively contributing to the economic and social development of recipient nations. Unlike multilateral funds, which involve contributions from multiple countries, BFIs are funded and operated by a single country.

By focusing on bilateral funding institutions, the toolkit aims to provide insights into how they operate, the funding scopes and the criteria they consider for funding projects. Understanding these bilateral institutions becomes crucial for sub-national, national, and regional CSOs to effectively harness financial support, align projects with their development objectives, and navigate the complexities of accessing climate finance. The toolkit will elaborate on the bilateral institutions from:

Please Note: *The focus is directed towards select countries that presently wield influence in the climate financing space in India. Additionally, there are also other bilateral organisations, such as DEFRA, DECC, and DFID in the UK, actively engaging in climate-related projects within the European sphere but have limited connect within India.*

A) EUROPEAN UNION (EU)

The EU is a political and economic union of member countries primarily located in Europe. It was established in 1993 with the aim of fostering economic corporation and preventing the recurrence of devastating conflicts in Europe.

Scan the QR Code to view the Global Climate Change Alliance (GCCA+) website

GLOBAL CLIMATE CHANGE ALLIANCE (GCCA+)

The Global Climate Change Alliance (GCCA) was launched in 2007 by the European Commission to strengthen dialogue and cooperation on climate change between the EU and developing countries most vulnerable to climate change, in particular Least Developed Countries (LDCs) and Small Island Developing States (SIDS), which are hardest hit by the adverse effects of climate change. Its aim is to assist countries by enhancing their adaptive capacities and promote climate resilient developments.

Following the Paris Agreement on Climate Change in 2015, the now GCCA+ initiative has expanded to include middle-income countries and supporting the implementation of NDCs. GCCA+ also provides technical and financial support to partner countries to integrate climate change into their development policies and budgets, and to implement projects that address climate change on the ground, promoting climate-resilient, low-emission development.

Areas of Focus

- MAINSTREAMING CLIMATE CHANGE INTO POVERTY REDUCTION & DEVELOPMENT EFFORTS.
- INCREASING RESILIENCE TO CLIMATE-RELATED STRESSES & SHOCKS
- SUPPORTING THE CREATION & IMPLEMENTATION OF CONCRETE ADAPTATION AND MITIGATION STRATEGIES.

Connect With India

The connection between India and GCCA+ involves collaborative efforts to enhance climate resilience and promote sustainable development. GCCA+ provides financial and technical support to projects and programs in India that focus on climate change adaptation, mitigation, and capacity building. These initiatives aim to strengthen India's ability to cope with the impacts of climate change while fostering sustainable development practices.

Broad Application Process

To secure EU GCCA+ funding, expressions of interest should undergo EuropeAid screening, considering factors like the request's quality, endorsements by relevant authorities, the country's climate dialogue with the EU, political cooperation, and UNFCCC commitment. Regional approaches may be supported if more suitable, with funding decisions made case by case based on needs, capacities, and resource availability. Government ministries (e.g. the Haitian Ministry of Environment), International and regional organisations (e.g. UNDP, UN Habitat, Organisation of Eastern Caribbean States) and CSOs (e.g. Greenpeace, Oxfam) are seen as the implementing entities for the GCCA and GCCA+ investments.

B) THE UNITED STATES OF AMERICA

The United States of America, known for its global influence, actively engages in international development through the United States Agency for International Development (USAID). USAID focuses on promoting global development and humanitarian efforts by addressing critical social issues in developing countries.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

USAID was established in 1961 and is responsible for administering civilian foreign aid and development assistance. It focuses on promoting global development and humanitarian efforts, addressing issues such as health, education, economic growth, and democratic governance in developing countries.

Scan the QR Code to view the United States Agency for International Development (USAID) website

Areas of Focus

- GENDER EQUALITY
- ENVIRONMENT & ENERGY
- INNOVATION, TECHNOLOGY & RESEARCH
- AGRICULTURE & FOOD SECURITY
- HUMAN RIGHTS
- SUSTAINABLE INFRASTRUCTURE
- WATER & SANITATION

Connect with India

USAID and India collaborate extensively to advance mutual goals in clean energy, environmental protection, climate challenges, health, digital ecosystems, inclusive economic growth, and the COVID-19 response. Recognized as a key global power and a pivotal U.S. partner in the Indo-Pacific and beyond, India's rise is supported by the U.S. Through partnerships with public and private sectors, USAID harnesses India's growing human and financial resources to drive innovation and entrepreneurship, addressing critical development challenges both locally and globally.

Scan the QR Code to view the USAID Connect with India

Funding Options

Most of USAID's funds are awarded competitively through Acquisition and Assistance (A&) mechanisms. USAID provides assistance through the following types:

- **Grants:** USAID funds a grantee to implement a program with minimal direct involvement.
- **Cooperative Agreements:** USAID funds a partner and maintains more significant involvement and contact throughout the program's duration.

WHAT IS ACQUISITION AND ASSISTANCE (A&A)?

USAID's Acquisition and Assistance (A&A) mechanisms are the primary methods for funding and implementing programs and projects, crucial for CSOs and NGOs. These include contracts, grants, and cooperative agreements, each with different purposes and levels of USAID involvement. Contracts involve high oversight for acquiring specific services or goods, awarded through competitive bidding on SAM.gov. Grants provide funds for projects with minimal USAID involvement, announced on Grants.gov. Cooperative agreements, similar to grants, involve more substantial USAID collaboration. Most funding is awarded competitively to ensure transparency and effectiveness, with USAID monitoring and evaluating project performance to ensure compliance and impact. These mechanisms enable partnerships across various sectors to address development challenges efficiently and collaboratively.

Scan the QR Code to view grant.gov website

Scan the QR Code to view sam.gov website

Eligibility Criteria

To work with the U.S. Government, including USAID, all organisations must secure a Data Universal Numbering System (DUNS) identification number and a NATO Commercial and Government Entity (NCAGE) code for non-U.S.-based organisations. They must also register in SAM, the System for Award Management. While registration in these systems is free, it requires careful preparation and time to complete correctly.

Applicability to CSOs and NGOs:

Although the primary focus for NCAGE codes is on manufacturing and design control entities, CSOs and NGOs involved in relevant logistics or procurement activities and interacting with NATO member countries can qualify. It is advisable for such organisations to check with the NATO Support and Procurement Agency (NSPA) or their national codification bureau for specific eligibility criteria and guidance.

BENEFITS OF AN NCAGE CODE FOR CSOs AND NGOs

- **Standardised Identification:** Facilitates interaction with international partners and NATO member countries.
- **Data Exchange:** Streamlines data exchange and collaboration in logistics and procurement.
- **Global Recognition:** Enhances credibility and recognition in global operations and partnerships.

C) JAPAN

Japan, through its institutions (like JICA) actively engages in international development efforts. These bilateral organisations play an integral role in advancing Japan's international cooperation and development objectives.

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

The Japan International Cooperation Agency (JICA) was established in 1974. Since its inception, JICA has been dedicated to promoting international cooperation and contributing to the sustainable development, recovery, and economic stability of developing regions. JICA serves as the primary executor of Japan's official development assistance (ODA) programs, providing technical expertise, grants, and loans to support socioeconomic development in partner countries.

Scan the QR Code to view the JICA Website

Areas of Focus

- SUSTAINABLE AGRICULTURE & FISHERIES
- LOW-CARBON ENERGY
- BIODIVERSITY PROTECTION
- SUSTAINABLE URBAN DEVELOPMENT
- DISASTER RISK REDUCTION

Connect with India

JICA is a governmental agency of Japan that provides aid and assistance to developing countries, and India has been one of the major recipients of JICA's support for various developmental projects. **The collaboration between India and JICA covers a wide range of sectors, including environment, infrastructure, healthcare, education, technology, and more.** The partnership between India and JICA is an essential element of international cooperation, fostering economic and social development in India through various collaborative projects and initiatives.

Scan the QR Code to view the JICA Connect with India

EXAMPLE OF JICA'S PROJECTS IN INDIA

- Delhi Metro Rail Project: JICA has supported multiple phases of the Delhi Metro Rail Project, contributing to the expansion and improvement of the metro network in the capital city.
- Mumbai Trans-Harbor Link Project: JICA has extended support for the Mumbai Trans-Harbor Link Project, which aims to improve connectivity and transportation infrastructure around Mumbai.
- Haryana Integrated Water Supply Project: JICA has collaborated on water supply projects, including the Haryana Integrated Water Supply Project, focusing on enhancing water infrastructure and supply systems.
- Jharkhand Horticulture Intensification by Micro Drip Irrigation Project: JICA has supported agricultural and irrigation projects, such as the Micro Drip Irrigation Project in Jharkhand, focusing on efficient water use in horticulture.

Funding Options

JICA extends Official Development Assistance (ODA)[62] loans and grants to international applicants[63]. Under project grants, JICA offers:

1. Sector Grants
2. Grants for Project Budget Support
3. Grants for Collaboration with International Organisations.

Under project loans, JICA offers:

1. Sector Loans
2. Engineering Service Loans
3. Financial Intermediary Loans
4. Program Loans[64] to assist recipient countries in policy improvement and implementing general system reforms.

Please Note: *ODA loans offer low-interest and long-term concessional funds to support developing countries in large-scale infrastructure and other development projects requiring substantial funding.*

62 ODA under JICA refers to Japan's government aid aimed at promoting economic development and welfare in developing countries.
63 Applicants include Low to Medium Income countries, LDCs, SDIs.
64 These loans might involve co-financing with the World Bank and other MDBs.

Application Process

The broad application process while applying under JICA is as follows:

1. **Project Formulation:** The recipient organisation requests funding from JICA's Office for Climate Change, with the Global Environment Department Office for Climate Change reviewing the project proposal.
2. **Feasibility Study:** During the review of the project, JICA uses the Climate-FIT tool to estimate potential Green House Gas (GHG) reduction, assess climate vulnerability, and identify adaptation strategies.
3. **Project Appraisal Stage:** The Office of Climate Change[65], in cooperation with the recipient organisation, reassesses and revises the project plan.
4. **Decision-Making Process to Implement the Project:** JICA finalizes project design and signs the agreement with the project counterpart of the potential organisation.
5. **Project Implementation:** JICA assesses the project's effectiveness through monitoring and evaluation.

65 The Office of Climate Change within JICA is responsible for developing and implementing strategies, policies, and programs related to climate change.

D) GERMANY

German institutions, such as the Federal Ministry for Economic Cooperation and Development (BMZ), the German Development Bank (KfW) and the German Agency for International Cooperation (GIZ), actively participate in international development efforts. These bilateral organisations, backed by Germany's strong economic capacity, play a crucial role in advancing the country's commitment to international cooperation, sustainable development, and climate action.

BMZ (Federal Ministry for Economic Cooperation and Development): BMZ is Germany's central authority responsible for shaping the country's development policy. It plays a key role in formulating strategies, policies, and financial allocations for Germany's international development efforts. Given below are BMZ's implementation entities:

- **GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit):** GIZ is a German development agency that implements international development projects on behalf of the German government and other partners. It focuses on a wide range of sectors, including economic development, governance, health, education, and environmental sustainability.
- **KfW (Kreditanstalt für Wiederaufbau):** KfW is a German state-owned development bank that provides financial support and funding for development projects, particularly in the areas of infrastructure, climate change, and private sector development.

Areas of Focus

- LOW-CARBON ENERGY
- FORESTS & AGRICULTURE
- LAND DEGRADATION
- VOCATIONAL TRAINING & SKILL DEVELOPMENT
- CLIMATE MITIGATION & ADAPTATION
- POVERTY REDUCTION
- RURAL & URBAN DEVELOPMENT
- HEALTH & SOCIAL PROTECTION
- DISASTER RISK REDUCTION
- PROMOTION OF PEACE & STABILITY
- WATER & FOOD SECURITY

FEDERAL MINISTRY FOR ECONOMIC COOPERATION AND DEVELOPMENT (BMZ)

Established on January 14, 1961, BMZ is Germany's central authority for economic cooperation and development. It addresses global challenges, promotes socio-economic progress in partner countries, and contributes to international efforts for a more equitable and sustainable world. BMZ collaborates with governmental and non-governmental organisations to implement projects that foster inclusive growth, protect the environment, and enhance community resilience, aligning with Germany's commitment to sustainable development and global cooperation. It operates within 65 partner countries globally, namely, in Asia, Germany, Africa, Europe, Latin America and the Caribbean, etc.

Scan the QR Code to view the BMZ Website

Funding Options

BMZ primarily channels funds through bilateral cooperation agreements, where financial resources are directly allocated to specific projects in collaboration with partner governments. Additionally, BMZ engages in multilateral partnerships, contributing to international funds and organisations that address global challenges. The organisation also supports initiatives through financial cooperation, providing loans and credits to partner countries for development projects.

DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ)

Founded in 2011, GIZ is a federal enterprise owned by the German government, offering innovative solutions for sustainable development worldwide. It combines the expertise of its predecessor organisations and operates in over 130 countries. GIZ partners with foundations, providing strategic support in sectors such as education, climate change, health, digitalisation, and sustainable economic development, making it an ideal partner for achieving strategic objectives in developing and emerging economies. GIZ operates globally, namely, in Asia, Germany, Africa, Europe, Latin America and the Caribbean, etc.

Scan the QR Code to view the GIZ website

Scan the QR Code to view the GIZ Tender website

GIZ's services for foundations and private sponsors include:

1. Advisory Services: Guidance on engagement in developing countries and emerging economies.
2. Project Implementation: Support for sustainable project development and local implementation, with progress monitored using specific performance indicators.
3. Access to Networks: Assistance in finding partners and establishing contacts for joint international and local initiatives.

Funding Options

GIZ provides financial support through grants, concessional loans, and technical assistance packages. Grants are often allocated to projects that align with GIZ's development priorities and demonstrate potential for positive impact. Concessional loans may be offered to finance projects with a focus on economic development, infrastructure, and other key sectors.

Tenders Application Process

- GIZ India invites bids/proposals from external service suppliers through its tender marketplace.
- Bidders must submit proposals electronically to qn_quotation@giz.de, using PDF format and a compressed (.zip) folder with a total file size not exceeding 20 MB.
- Uploading bids to open-source platforms like Google Drive or Dropbox is strictly prohibited due to data protection regulations.
- Bids sent by fax or hard copy will not be considered; only submissions via the given email ID will be accepted.
- Late bids received after the tender deadline will not be evaluated.

KREDITANSTALT FÜR WIEDERAUFBAU (KfW)

KfW supports global efforts to make social and economic systems environmentally sustainable, especially in poorer countries. Working on behalf of the German Federal Government, KfW Development Bank executed a significant part of Germany's contribution. KfWBottom of Form operates globally, namely, in Asia, Sub-Saharan Africa, Europe, Latin America and the Caribbean, North Africa and Middle East, etc[66]. Additionally, the bank provides financial assistance and expertise to promote economic and social development in partner countries, including India.

Scan the QR Code to view the KfW Website

Funding Options

KfW offers several funding options. These are grants, loans from budget funds, promotional loans and loans using both budgetary resources and KfW's own funds. These offer more favourable conditions such as lower interest rates or extended repayment periods.

Application Process

All projects should align with the strategies of BMZ and the partner country. An intergovernmental agreement between Germany and the partner country sets the terms of cooperation. When a project is proposed, KfW conducts a brief assessment to evaluate its feasibility. A feasibility study is then conducted by project-executing agencies to analyse economic efficiency, developmental impacts, and risks. KfW staff conduct an on-site audit to verify conditions, summarising the findings in a report for the BMZ, which assesses alignment with development policy and recommends funding conditions. Based on this report, the BMZ instructs KfW to enter contract negotiations. A financing agreement is then established, defining financing conditions, rights, obligations, and the partner country's contribution and responsibility for the project.

66 KfW funding gives priority to Low to Medium income countries, LDCs and SDCs.

E) FRANCE

France, through institutions like Agence Française de Développement (AFD) actively participate in global development endeavours.

AGENCE FRANÇAISE DE DÉVELOPPEMENT (AfD)

AfD is a public financial institution focused on promoting a fairer and more sustainable world. As France's overseas aid platform, it collaborates with partners to develop inclusive solutions for the global South. AfD works directly with CSOs using various financial instruments, including the FISONG facility for sectoral innovation and financing from the French Facility for Global Environment (FFEM). It also funds activities in fragile and crisis situations through Calls for Crisis and Post-crisis Projects (APCC). AfD operates in around 115 countries, including Africa, Europe, Asia, Latin America, and the three oceans.

Scan the QR Code to view the AfD Website

Scan the QR Code to view the AfD Tender

Areas of Focus

- LOW-CARBON IDEOLOGIES
- CLIMATE MITIGATION & ADAPTATION
- GENDER EQUALITY
- POVERTY REDUCTION
- WATER SECURITY & SANITATION
- RURAL & URBAN DEVELOPMENT

Connect with India

AfD plays a crucial role in supporting development initiatives in India. The connection between India and AfD involves financial assistance and expertise provided by AfD to contribute to various sectors essential for India's sustainable development. This collaboration aims to address development challenges, promote environmental sustainability, and foster economic and social progress in India through targeted investments and partnerships with Indian authorities and institutions.

Funding Options

AfD finances public institutions such as national and local governments, public banks, and publicly governed companies with loans, grants, and guarantees, mainly offering loans due to the middle-income profile of the regions. Concessional loans provide favorable conditions compared to commercial markets, with limited grants for technical assistance to enhance innovation and social and environmental impacts. Through PROPARCO, AFD supports the private sector with loans, guarantees, and equity investments, offering financing for large projects, credit lines with banks, policy loans, and management of third-party financing.

F) SWITZERLAND

Switzerland actively contributes to global development through institutions like the Swiss Agency for Development and Cooperation (SDC). These bilateral efforts are pivotal in Switzerland's commitment to promoting sustainable development and fostering international cooperation across various regions and sectors.

Scan the QR Code to view the Swiss Agency for Development and Cooperation (SDC) Website

SWISS AGENCY FOR DEVELOPMENT AND COOPERATION

SDC, established in 1961 and headquartered in Bern, is a central institution in these efforts, aiming to promote sustainable development and reduce poverty worldwide through development cooperation, humanitarian aid, and multilateral engagement.

Areas of Focus

- DISASTER RISK REDUCTION
- CLIMATE CHANGE
- GENDER EQUALITY
- HEALTH & SOCIAL PROTECTION
- HUMAN RIGHTS
- AGRICULTURE & FOOD SECURITY

Connect with India

The Swiss Agency for Development and Cooperation (SDC) has established robust connections with India, focusing on sustainable development and cooperation. Through initiatives spanning water management, rural development, climate resilience, and disaster risk reduction, SDC collaborates closely with Indian counterparts to address key challenges. This partnership underscores Switzerland's commitment to supporting India's socio-economic progress and environmental sustainability, fostering dialogue and exchange to achieve shared developmental goals.

Funding Options

SDC offers various funding options to support its development projects and initiatives globally. These options include:

1. **Grants:** SDC provides grants for projects that align with its development priorities.

> ***Please Note:*** *Grants may be allocated for specific sectors or thematic areas based on identified needs and priorities.*

2. **Technical Assistance:** SDC offers technical assistance to support project implementation, capacity building, and knowledge sharing. This assistance may include expertise, training, and advisory services to enhance the effectiveness and sustainability of projects.
3. **Partnerships and Co-Funding:** SDC collaborates with other development agencies, governments, NGOs, and private sector entities to co-fund projects. This approach leverages resources and expertise from multiple stakeholders to maximize impact and reach.

Application Process

The application process for SDC grants, technical assistance, and other funding options typically involves several key steps:

1. **Preparation and Eligibility Check:** Review SDC's website or official announcements to identify funding opportunities aligned with the organisations project's objectives and ensure eligibility by meeting criteria such as thematic focus, geographic scope, partnerships, and funding priorities.
2. **Concept Note or Proposal Development:** Prepare a concise project proposal outlining objectives, activities, expected outcomes, and budget, while clearly demonstrating alignment with SDC's development priorities and sustainable development goals.
3. **Submission of Application:** Complete the designated application form provided by SDC, providing detailed information about the organisation, project team, implementation strategy, budget, and monitoring framework.

> ***Please Note:***
>
> - *Evidence of organisational capacity, projects budget, work plans, partnerships agreements can be needed to fill out the application process*
> - *Post submission of the application, SDC conducts review and evaluation of applications based on criteria such as relevance, feasibility, impact, sustainability, and alignment with strategic objectives.*
> - *Successful applicants are notified of their status and proceed to negotiate with SDC to finalise contracts, funding schedules, and monitoring arrangements.*

4. **Project Implementation, Monitoring, and Closure:** Implement the project per the approved plan and budget, ensuring compliance with SDC's guidelines. SDC monitors progress through reporting, site visits, and evaluations for impact assessment and accountability. Upon project closure, submit final reports as per SDC guidelines and share outcomes and lessons learned to foster knowledge sharing and capacity building.

Section 1.4
INTERNATIONAL PHILANTHROPHY

International philanthropy funding plays a pivotal role in the global climate ecosystem, providing crucial support for initiatives aimed at addressing climate change. This toolkit section provides an introductory overview of International philanthropic organisations, emphasising their crucial role in climate finance and their impact on environmental initiatives. It delves into the diverse funding mechanisms provided by these organisations, distinguishes between international and domestic philanthropy, and provides actionable strategies for effective engagement with international philanthropic organisations.

Difference between UNFCCC/ NON-UNFCCC Mechanisms and Philanthropy

Transitioning from the UNFCCC/Non-UNFCCC international funding mechanisms which was detailed previous sections of the toolkit, this part of the toolkit directs attention to international philanthropy funding. While UNFCCC and Non-UNFCCC funding mechanisms are established as part of international agreements or conventions, often with government and international organisation backing, Philanthropy encompasses generous contributions to meaningful causes, it represents individuals or organisations striving to enhance human welfare out of humane motives. Unlike UNFCCC and Non-UNFCCC mechanisms governed by formal agreements and regulations, Philanthropy offers more flexibility and supports broad spectrum of causes beyond climate change, including education, poverty alleviation, and social justice initiatives.

Role of International Philanthropy in Climate Finance

International philanthropy plays a significant role in climate finance by providing crucial funding for initiatives aimed at addressing environmental challenges. Through charitable contributions from individuals, foundations, corporations, and other private donors, international philanthropic organisations support a wide range of climate-related projects, including renewable energy development, conservation efforts, climate adaptation programs, and community resilience initiatives.

The impact of international philanthropy on climate initiatives is substantial, as it enables the implementation of projects that may otherwise lack sufficient funding. By investing in innovative solutions, capacity-building efforts, and grassroots initiatives, international philanthropy helps drive climate action at local, national, and global levels.

Funding Mechanisms Offered by International Philanthropic Organisations

- **Grants**: Grants are funds provided by philanthropic organisations to support specific projects, programs, or initiatives implemented by non-profit organisations. Unlike loans, grants do not need to be repaid. They are typically awarded based on a competitive application process and are subject to specific terms and conditions outlined by the funding organisation.

WHAT CAN A GRANT COVER IN A PROJECT?

They cover – Project implementation costs, operational expenses, research, advocacy, and capacity-building activities, etc.

- **Donations:** Donations refer to contributions made by individuals, corporations, or philanthropic foundations to support the mission and activities of non-profit organisations. Donations can be financial or in-kind, such as goods, services, or equipment. Unlike grants, donations are often provided without specific project requirements or reporting obligations. Donors may choose to support organisations based on their alignment with shared values, causes, or priorities.
- **Sponsorships:** Sponsorships involve financial support provided by businesses, corporations, or individuals to non-profit organisations in exchange for visibility, recognition, or marketing opportunities. Sponsorships can fund events, programs, initiatives, or projects and help non-profit organisations expand their reach, engage new audiences, and generate additional revenue streams.

Difference Between International and Domestic Philanthropy

Domestic philanthropy, such as corporate social responsibility (CSR) funding[67], has similarities to international philanthropic funding but also notable differences, some of which are outlined below.

1. Funding Cycles:

- **International Philanthropy:** Funding cycles in international philanthropy follow a global calendar (January to December), with grants and donations disbursed based on the donor organisation's schedule. These cycles vary depending on the donor's fiscal year or specific grant-making cycles.
- **Domestic Philanthropy (CSR):** CSR funding cycles are typically aligned with the financial year of the corporate entity (April to March). Companies allocate a portion of their profits annually towards CSR activities, with budgets often determined at the beginning of each financial year.

2. Funding Duration:

- **International Philanthropy:** The duration of funding varies, typically spanning from one year to several years, contingent upon the project's scope.
- **Domestic Philanthropy:** Funding cycles generally operate on an annual basis, subject to the organisation's financial resources allocated for each fiscal year.

67 CSR Funding is covered in detailed manner in Part 2 of the Toolkit.

3. Financial Management:

- **International Philanthropy:** With approval from the funding organisation, projects supported by International Philanthropy Organisations (IPOs) may have the flexibility to be extended. Despite this option, extending the project duration may not be ideal because it may indicate that the funded organisation lacks the capacity to efficiently utilize the funding within the initially allocated timeframe.
- **Domestic Philanthropy (CSR):** CSR funding must be utilized within the fiscal year it is allocated and cannot be carried forward to subsequent years.

4. FCRA Rule:

The FCRA regulates the acceptance and utilisation of foreign contributions by individuals, associations, and companies in India.

- **International Philanthropy:** Organisations engaged in international philanthropy need to adhere to the FCRA if they receive foreign donations in certain countries like India.
- **Domestic Philanthropy (CSR):** The FCRA rule is not applicable to domestic philanthropy or CSR activities. CSR activities are governed by the CSR provisions outlined in the Companies Act of the respective country.

FOR MORE INFORMATION

WHAT IS FOREIGN CONTRIBUTION REGULATION ACT (FCRA)?

FCRA is a law established by the Government of India to regulate the acceptance and utilisation of foreign contributions or donations by individuals, associations, and companies in India. Its primary aim is to ensure that such contributions are used for legitimate purposes and do not adversely affect the sovereignty and integrity of the country. Below is a brief overview of FCRA in simple terms for CSOs or NGOs in India:

- FCRA was enacted by the Indian Parliament in the year 1976 to monitor and regulate the acceptance of foreign contributions by organisations operating within India. Its provisions were further strengthened over the years to enhance transparency and accountability in the utilisation of foreign funds.
- Under FCRA, organisations seeking to receive foreign contributions need to obtain prior permission or registration from the Ministry of Home Affairs (MHA), Government of India. This registration or permission is mandatory for CSOs or NGOs to legally accept and utilise foreign funds for specified activities.
- The main purpose of FCRA is to ensure that foreign contributions received by CSOs or NGOs in India are utilised for lawful activities and do not pose any threat to national security, public order, or sovereignty. It aims to prevent misuse of foreign funds for activities detrimental to India’s interests.
- FCRA has undergone several amendments over the years to strengthen its provisions and address emerging challenges. The latest being the 2023 amendment.

Please Note: International philanthropic offices could have domestic branches as well. Check whether the funding is coming from the international office directly – in which case FCRA would apply –or if the funding is coming from domestic branch, in which case FCRA might not be applicable.

Strategies for Engaging with International Philanthropic Organisations

1. Understand the Funding Landscape:

- Create a list of funders supporting similar work.
- Check the funders' site to gauge their priorities, and track open call for applications, eligibility criteria for the calls etc.
- Check the past funded projects to get a sense of the kind of action supported under each call.
- Check the templates for application and prepare the documents accordingly.

2. Develop a Strong Proposal:

- Prepare a capability statement – a document listing similar past projects by the organisation.
- Draft a compelling Theory of Change and Logic Framework.
- Provide a Gantt chart with tentative timelines as far as possible.

3. Demonstrate Impact and Accountability:

- Establish project baselines to provide a clear starting point and benchmark for the project's progress.
- Develop robust monitoring and evaluation mechanisms systems to track progress, assess impact, and maintain accountability. Consider involving the funder in defining impact indicators for greater alignment.
- Regularly share quick updates (quantitative or qualitative) with the donor to keep them engaged and informed about project advancements. This fosters donors' involvement and ensures transparency in project management.

4. Leveraging Partnerships and Engagement with Donors:

- Establish meaningful relationships with potential donors by participating in networking events, conferences, and other outreach activities.
- Ensure active engagement with donors as this facilitates knowledge exchange, paving the way for potential sponsorships and opportunities to highlight the work in the future.
- Seize opportunities to present the organisation's work, share success stories, and demonstrate individual commitments to addressing climate change.

Important Reminders

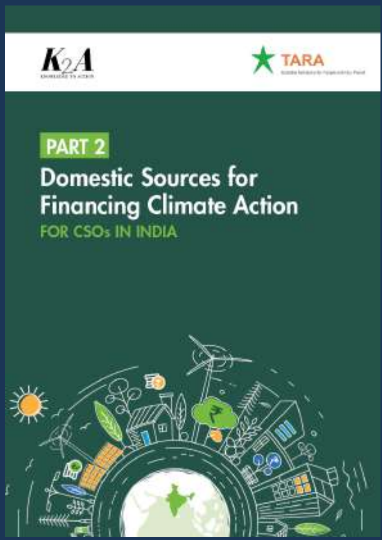
- Compliance Requirements: Be prepared to adhere to specific compliance standards and reporting guidelines set by the funder, which may include financial audits, impact assessments, and progress reports. For example, international funders may require recipients of funding to demonstrate that a significant portion, typically around 80%, of the allocated funds from a specific tranche or instalment has been expended or utilized before releasing the next instalment of funds.
- Timely Reporting: Ensure timely submission of financial and progress reports as per the funder's requirements to maintain transparency and accountability.
- Cultural Sensitivity: Respect cultural differences and norms when engaging with international funders, including language preferences, communication styles, and approaches to relationship-building.
- Long-Term Sustainability: Demonstrate a commitment to the long-term sustainability of the project beyond the funding period, including plans for continued operation, maintenance, and scalability.

Profiles of International Philanthropic Institutions

The list provided below is suggestive and focuses on focus areas which fall within the scope of this toolkit.

Organisation Name	Focus Areas
Bill & Melinda Gates Foundation	Global Health, Poverty Alleviation, Education, Agriculture Development, Access to Technology
ClimateWorks Foundation	Clean Energy, Sustainable Transport, Resilient Communities, Climate Literacy
The Rockefeller Foundation	Resilience-Building Projects, Climate-Smart Agriculture, Sustainable Urban Development
The David & Lucile Packard Foundation	Ecosystem Resilience, Sustainable Fisheries Management, Clean Energy
The Conrad N. Hilton Foundation	Sustainable Water Management, Hygiene Education, Community Development
Coca-Cola Foundation	Watershed Protection, Water Quality Improvement, Community-Based Water Management
The Blue Planet Foundation	Sustainable Water Management, Access to Clean Water, Community-Based Water Solutions
The Global Greengrants Fund	Advocacy for Sustainable Solution, Climate Literacy & Capacity Building Initiatives

TABLE 11: **Profiles of International Philanthropic Institutions**



What will Part II: Domestic Financing Mechanisms cover?

This part of the toolkit will offer an overview of India's climate finance ecosystem, highlighting domestic financing mechanisms for climate-related projects. It includes a focus on Private Mechanisms Relevant for CSOs and NGOs in the climate space. Mechanisms covered include Carbon Credits, Blended Finance, Green Bonds, CSR, Peer-to-Peer Lending, Crowdfunding, and Social Stock Exchange, with explanations on their scope, funding opportunities, and required documentation.

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PART 2

Domestic Sources for Financing Climate Action

FOR CSOs IN INDIA

PUBLICATION

A Toolkit to Ease Access to Climate Financing for Local Civil Society Organisations in India

TITLE PART 2

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DISCLAIMER

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ACKNOWLEDGEMENTS

This report was commissioned under the Knowledge2Action Small Grant by Swissnex India. It has benefitted from inputs of civil society actors and networks through consultations on the current financial landscape, their source of information on climate finance, barriers/challenges and current opportunities they foresee in financing their climate action.

The Knowledge2Action Toolkit aims at de-jargonising climate finance for the local CSOs in India.
Meant to be a practical guide, this Toolkit is segmented into three parts. Part 1 covers International Sources of Financing a Climate Project, Part 2 focuses on Domestic Sources of Financing a Climate Project and Part 3 details the finance tools available to support climate project funding.

Primary Audience: CSOs at the National, Sub-National and Local Level

Secondary Audience: Aggregators, think-tanks, academic institutions and other entities providing training, networking and ecosystem support to CSOs working on climate adaptation, mitigation, loss and damage etc.

For more information, write to us at policy@devalt.org

Images Note: The images in this toolkit are the property of Development Alternatives (DA). Some images not owned by DA have been included, with appropriate acknowledgments provided. The images featured are aligned with climate finance, highlighting initiatives related to climate change, resource efficiency, ecosystem restoration, and livelihood security.

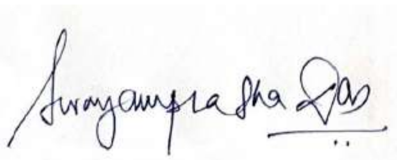
Foreword

India is one of the most climate-vulnerable countries in the world, ranked 5th in terms of vulnerability to climate change. The nation faces immense risks to its environment and people, with the financial toll being equally severe—an estimated US$ 9–10 billion annually due to the adverse effects of climate change, affecting agriculture, infrastructure, and overall economic growth. In this context, acknowledging and making provisions for the colossal financial resources required to support initiatives that facilitate climate mitigation and adaptation in India is paramount – putting the spotlight on climate finance.

Despite global efforts to mobilize significant financial resources, Civil Society Organizations (CSOs) face numerous barriers in accessing these funds. These barriers include gaps in information about available climate financing options, limited capacity to identify suitable funding sources, difficulties in navigating complex application processes, a lack of understanding of what qualifies as a climate-positive project, and an insufficient grasp of climate taxonomies.

This toolkit has been designed to address these challenges by bridging the information gap and equipping CSOs at local, sub-national, and national levels with the knowledge and tools needed to navigate both international and domestic climate finance sources. By demystifying and simplifying the complex landscape of climate finance, this toolkit empowers CSOs to access funding more effectively, enabling them to implement high-impact projects that drive sustainable development.

I would like to express my appreciation to the team at Technology and Action for Rural Advancement (TARA) for coming up with this Toolkit on Easing Access to Climate Finance for Local CSOs in India. This toolkit marks the beginning of a transformative journey, and I look forward to seeing its broad impact. Hoping that this initiative reaches communities and organisations with climate finance opportunities, and builds partnerships and collaborations going forward.



Dr. Swayam Prabha Das
AVP and Lead - Policy Research and Planning
Development Alternatives Group

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Persona Wise Identification

Local CSOs

Definition:

Operates at a grassroot level, focusing on community-based initiatives within a specific geographical area, such as a village or district.

Activities:

Engaged in hands-on projects, such as, but not limited to, pond rejuvenation, sustainable agriculture, rural development, climate literacy, small-scale community initiatives, etc.

Best Bet(s):

CSR Funding, Peer-to-Peer Lending, Crowdfunding, Social Stock Exchange

Sub-National CSOs and National CSOs

Definition:

Operate across broader regions or country level, focusing on scaling local interventions and implementing larger programs.

Activities:

Engaged in, but not limited to, policy implementation, renewable energy, carbon sequestration, capacity building, ecosystem restoration, water conservations, etc.

Best Bet(s):

Carbon Credits, Blended Finance, Green Bonds, CSR Funding, Crowdfunding, Social Stock Exchange.

Sub-National and National Social Enterprises

Definition:

Operate at a broader regional or country wide level, focusing on scaling innovative solutions for social and environmental challenges

Activities:

Engaged in, but not limited to, policy implementation, renewable energy, carbon sequestration, capacity building, ecosystem restoration, water conservations, etc.

Best Bet(s):

Carbon Credits, Blended Finance, Green Bonds, Crowdfunding, Peer-to-Peer Lending

How to navigate through Part- II?

Domestic Financing Mechanisms for a Climate Project for Local CSOs in India

Section 2: Domestic Financing Mechanisms Overview

Provides an overview of the climate finance ecosystem by mapping out the various domestic financing mechanisms.

Section 2.1: Private Mechanisms for Financing a Climate Project

Details the private sector, its importance in addressing climate change, and the various mechanisms it incorporates within it.

Section 2.2: Private Mechanisms Relevant for CSOs and NGOs

Covers key private financing mechanisms relevant to Civil Society Organizations (CSOs) and Non-Governmental Organizations (NGOs) working in the climate sector. The following mechanisms are covered:

- Carbon Credits
- Blended Finance
- Green Bonds
- Corporate Social Responsibility (CSR)
- Peer-to-Peer Lending
- Crowdfunding
- Social Stock Exchange

Each mechanism is explained in terms of its definition, scope, and funding opportunities, along with the required documentation for accessing these funds.

You can read these sections in sequence or independently, depending on your immediate needs. Each section is self-contained and provides the information necessary for specific areas of interest.

SECTION 2

DOMESTIC FINANCING MECHANISMS FOR A CLIMATE PROJECT

The second part of the toolkit will deal with domestic financing sources for climate projects in India, with majority focus on the private mechanisms available for funding climate initiatives. The toolkit aims to equip CSOs to:

- Access funding sources that are beyond government and international grants
- Gain insights and strategies on how to access private funding mechanisms within the climate sector.

Mapping of Domestic Financing Mechanism

Given below is a glow chart of the prevalent international financing mechanisms available in the ecosystem.

Domestic Financing Mechanism*

Government Financing

- **National and State Action Plans for Climate Change**
  E.g: National Solar Mission, Maharashtra Climate Change Adaptation Fund, Odisha State Disaster Management Plan, etc.
- **Central and State Schemes**
  E.g: National Clean Energy Fund, Pradhan Mantri Kisan Urja Suraksha.
- **Development Financing Institutions**
  E.g: National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI)

Private Financing

- **Private Financing Instruments**
  E.g: Loans, Corporate Social Responsibility (CSR), Carbon Credits, Green Bonds, etc.

** This is an non-exhaustive list of the available mechanisms*

FIGURE 1: Domestic Financing Sources

Source: Adapted from Climate Finance Toolkit for Europe and Central Asia

Please Note: *Part 2 of this toolkit will prioritize and focus on private sector financing and the mechanisms it provides to CSOs and NGOs.*

ABOUT GOVERNMENT FINANCING

While the emphasis of Part 2 of the toolkit is on private sector financing, it is important to note that there are also government financing mechanisms available within climate sector. For broader knowledge, here are **some key government financing mechanisms available for climate change activities:**

1. **National Action Plan for Climate Change (NAPCC):** This is a national-level framework consisting of eight missions, some of them are, the National Solar Mission and National Water Mission.
2. **State Action Plan for Climate Change (SAPCC):** These are state-level strategies that align with India's NAPCC and include promoting sustainable agriculture, renewable energy, and disaster management. States like Maharashtra, Gujarat, and Odisha have allocated budgets focusing on climate resilience, renewable energy, and disaster management, etc.
3. **Central and State Schemes:** Examples of climate-focused schemes include the National Adaptation Fund for Climate Change (NAFCC) and Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), which focus on adaptation and sustainable water use. State-specific schemes support afforestation, renewable energy projects, sustainable agricultural practices, etc.
4. **Development Financial Institutions (DFIs):** Institutions like National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI) play crucial roles in climate finance by providing concessional loans and grants for projects aimed at climate adaptation and mitigation. NABARD, for example, manages the GCF projects in India, while SIDBI offers financing for clean technology and energy efficiency projects.

Image by Freepik

Section 2.1
Private Mechanisms for Financing a Climate Project

Despite government support and international initiatives aimed at promoting environmentally sustainable activities resilient to climate change impacts, Civil Society Organisations (CSOs) and Non-Governmental Organisations (NGOs) encounter difficulties in securing adequate funding.[i] Some of these factors are:

1. **Competitive funding landscape**
2. **Stringent eligibility criteria**
3. **Complex bureaucratic application process**
4. **Financial landscape designed for traditional businesses**
5. **Direct access to government funds is limited to organisations partnering with government agencies or those who are involved in government – led initiatives**

Due to these factors, the ability of organisations to maximise their positive social impact is hampered. Overcoming these challenges necessitates a multifaceted approach. The following sections will provide a more detailed look at various innovative financing mechanisms as well viable alternatives from the private sector — including blended finance, carbon credits and corporate social responsibility initiatives being accessible to regional/national/sub-national CSOs/NGO's.

About the Private Sector

The private sector is the part of a country's economic system that is run by individuals and companies, rather than a government entity.[ii] **The private sector includes for-profit business that are neither owned nor operated by the government.** Examples of this include - businesses, corporations, and enterprises. Private financing falls under the large category of the private sector and **involves securing capital from private sources like banks, investors, or financial institutions for specific projects or actions.**[iii] In the last 15 years, a global consensus has emerged on how critical private investment is to achieving SDGs and creating markets in developing countries Private finance now includes climate mitigation and adaptation projects.[iv]

Did you know?

According to the Readiness for Climate Finance framework outlined by UNDP, climate financing should primarily originate from the private sector, with international or domestic public funds serving a supportive role by catalysing more substantial investments.

IMPORTANCE OF THE PRIVATE SECTOR IN ADDRESSING CLIMATE CHANGE

The role of private sector in dealing with climate change is critical for the following reasons:

- The Private Sector has the financial resources and investment capabilities that are necessary to finance large climate initiatives and projects.
- Private Sector mechanisms can quickly scale up successful climate solutions, facilitating widespread and impactful implementation of sustainable practices.

Private financing for CSOs comes from various sectors, with different amounts being allocated to different causes. According to the CSR National Portal, in the fiscal year of 2021-22, the highest spending sectors were Healthcare (₹7731.58 Cr), Education (₹6482.72 Cr), and Environmental Sustainability (₹2392.32 Cr). This suggests that funds specifically designated for climate-related projects for civil societies are limited. Hence, it is crucial for CSOs and NGOs working in the climate sector to recognize the importance of private financing. Find the diagram below which highlights the broad spread of the Private Sector.

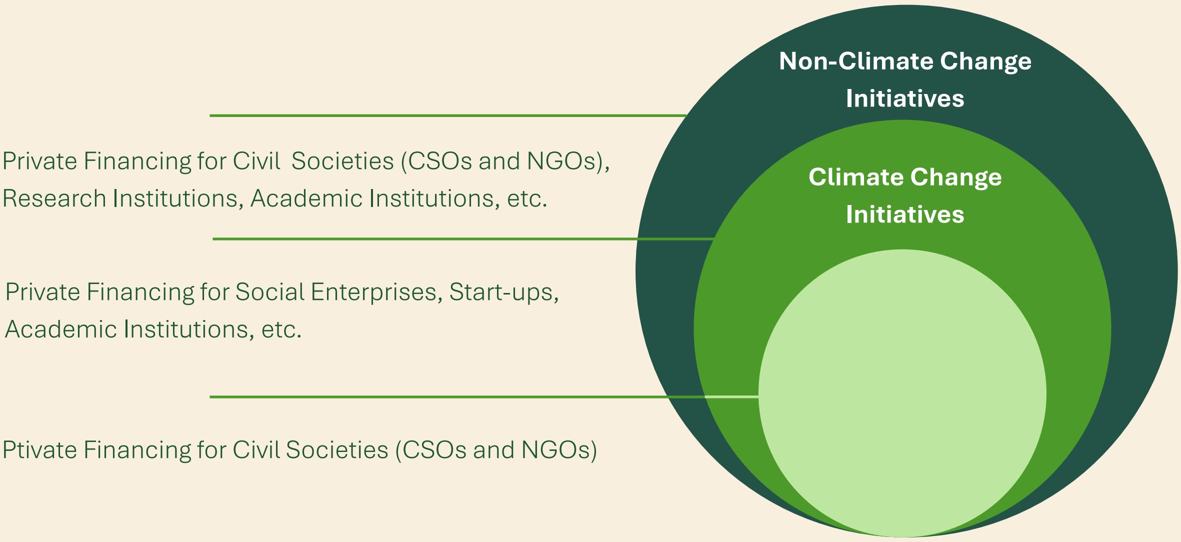


FIGURE 2: Private Sector Mapping – in context to the toolkit

Exploring Options: How CSOs and NGOs can Avail Domestic Private Financing

India's ambitious sustainability goals require significant climate finance. It is estimated that to achieve net-zero ambitions by 2070, US$ 10.1 trillion will be needed to finance this.[v] COP28 marked a breakthrough with the agreement to operationalise the Loss and Damage Fund to support vulnerable developing countries, building on plans from COP27. Countries like the UAE, Germany, the UK, and the US have pledged contributions, but these fall short of the estimated US$ 6 trillion needed by 2030 for climate adaptation and mitigation.[vi] Bridging this funding gap is a critical challenge, and private financing comes out as a viable solution.[vii]

The box below highlights a list of Private Financing Mechanisms available in the ecosystem:

LIST OF PRIVATE FINANCING MECHANISMS AND INSTRUMENTS

Given below is the list of private financing mechanisms and instruments available in the ecosystem:

Private Financing Mechanism	Private Financing Instruments
Private Equity	1. Angel Investors 2. Venture Capital / Venture Philanthropy • Funds of Funds • Revolving Funds • Crowdfunding • Peer-to-peer Lending • Hedge Funding 3. Impact Investing
Debt Financing	1. Commercial Banks (Loans) 2. Climate-Friendly Banks • Green Bonds • Social Impact Bonds 3. Non-Bank Financial Institutions (Insurance Companies)
Innovative Mechanisms	1. Blended Finance 2. Carbon Market
Micro-Financing	1. Micro-Insurance 2. Micro-Finance Institutions 3. Group-Lending
Strategic Partnerships and Alliances	1. Corporate Social Responsibility 2. Environment and Social Governance 3. Sustainable and Responsible Investment

TABLE 1: **Private Financing Mechanisms & Instruments**

Please note: *This above list is not exhaustive. There are additional private financing mechanisms and instruments prevalent in the ecosystem. The examples provided here highlight the prominent ones to help users understand what falls under the private sector.*

Section 2.2 of this Part will focus on private financing mechanisms which are relevant for CSOs, and NGOs engaged in the climate sector. The domestic financing mechanisms are branded into the following categories:

A. Innovative Finance Mechanisms

- Carbon Credits
- Blended Finance
- Green Bonds

B. Corporate Social Responsibility (CSR) Funding

C. Technology and Digital Mechanisms

- Peer to Peer Lending (P2P)
- Crowdfunding
- Social Stock Exchange

Section 2.2 A

A. Innovative Financing Mechanisms

CARBON CREDITS

Definition and Concept

Carbon credits first originated as an idea stemming from international projects, such as the Kyoto Protocol of the UNFFCCC in 1997, which intended to offset greenhouse gas emission. One of the key aspects of the Kyoto Protocol was the introduction of market-based mechanisms to combat global warming. These innovative mechanisms provided ways to achieve emission reduction targets while also promoting sustainable development.[viii] The mechanisms that were introduced:

1. Emissions Trading, or the "cap and trade" provision allows the selling and purchasing of emissions permits between countries and forming a trading scheme for purchasing carbon credits.
2. The Clean Development Mechanism (CDM) allows developed countries or Annex I countries to invest in emission reduction projects in developing countries or Annex II countries.[ix]
3. Joint Implementation (JI) mechanism, similar to CDM, entails emission reduction activities only in developed countries.

What are Carbon Credits?

Human activities, such as burning fossil fuels for energy, industrial processes, deforestation, and agriculture, lead to the emission of large amounts of CO_2 and other GHGs into the atmosphere, majorly contributing to climate change and global warming.[x]

To contain these emissions, "Carbon Market" emerged as one of the system which not only reduces GHGs emissions but also create financial incentives for this. Under the Carbon Market, Carbon Credits are a form of measurement that is equal to one metric tonne of carbon dioxide gas or its GHG equivalents in other gases like Methane or Nitrous oxide. The credits indicate that such emissions have been cut down, prevented or sequestrated through global warming prevention measures or good management and sustainable practices.[xi]

WHAT ARE CARBON MARKETS?

There are two main types of market within the ecosystem, namely:

1. **Compliance Markets:** These markets are established by governments or regulatory bodies to comply with emissions reduction targets set by international agreements or domestic laws. Entities subject to emissions caps must obtain enough allowances to cover their emissions or face penalties. Examples include: European Union Emissions Trading System (EU ETS), California Cap-and-Trade Program, etc.
2. **Voluntary Markets:** Voluntary carbon markets are not mandated by regulation and allow businesses, voluntary organisations, and individuals to purchase carbon credits voluntarily to offset their carbon footprint. Participants in these markets seek to mitigate their environmental impact or demonstrate corporate social responsibility. Examples include: Gold Standard, Verified Carbon Standard (VCS), etc.

Types of Carbon Credits

Market Category	Type of Carbon Credit	Definition
Compliance Carbon Market	Certified Emission Reductions (CERs)	• Generated from projects implemented under the CDM • These projects reduce GHGs in developing countries and are certified by the United Nations
	Emission Reduction Units (ERUs)	• Generated from ER projects in countries with emission reduction targets under the Kyoto Protocol's Joint Implementation (JI) mechanism • The verified reduction of GHGs are certified by the UNFCCC
Voluntary Carbon Market	Verified Carbon Unites (VCU)	• Generated from projects verified under The Voluntary Carbon Standard (VCSs) • These projects can be implemented anywhere in the world
	Renewable Energy Certificates (RECs)	For production of one megawatt- hour (MWH) of electricity generated through a renewable energy source
Voluntary and Compliance Carbon Market	Removal Units (RMU)	These are carbon credits generated from projects which remove CO_2 from the atmosphere, by following the practices of afforestation, reforestation, and other forest conservation projects

TABLE 2: Types of Carbon Credits

Stakeholders in the Carbon Market

Stakeholder Category	Definition
Project Developers	Project developers are organizations that plan and undertake projects for the reduction of emission of greenhouse gases and the enhancement of carbon sinks
Carbon Offset Buyers	Individuals, companies, or governments purchasing carbon credits to compensate for their emissions and meet their sustainability requirements
Carbon Credit Verifiers	Third party verification agency which evaluates, and certifies ER or carbon removals attained from the project
Carbon Credit Standard Bodies	Organisations establishing criteria and guidelines for the generation, verification, and trading of carbon credits, ensuring credibility and transparency in the market
Carbon Credit Aggregators	Entities that collect carbon credits from multiple projects to offer bundled offset packages to buyers
Carbon Credit Registry	Platforms or organisations maintaining records of issues carbon credits, facilitating their trading and retirement
Governments and Regulators	Authorities responsible for overseeing carbon markets, implementing policies, and ensuring compliance with regulations
Financial Institutions	Banks, investment firms, and other financial entities providing funding, investment, or financial instruments to support carbon credit projects

TABLE 3: Stakeholders in the Carbon Market

Documents Required for Carbon Credits Project

Given below is a table outlining the key actions and documents needed when preparing for carbon credits funding. Each document is branded into specific categories. The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the funding process.

Please Note: *The list below is not exhaustive, and additional documents may be required. However, this encompasses the fundamental documents needed for the funding process.*

Objectives	Key Actions	Documents Required
Secure Partnerships	• Research about the potential corporate organisations or government agency buyers interested in offsetting their emissions through carbon credits	1. Organisational Profile[1] 2. Project Documentation[2] 3. Financial/ Sustainability Reports[3] 4. Legal Agreements[4] 5. Communication Materials[5] 6. Certification Documents[6]
Ensure Compliance	• Comply with documentation and reporting requirements set by carbon credit certification bodies • Verify the legitimacy and authenticity of the carbon credits through independent third-party verification	
Maximise Impact	• Invest revenue generated from carbon credit sales into additional climate mitigation projects or community development initiatives • Transparently communicate the impact of carbon credit sales to stakeholders and the broader community	

TABLE 4: Key Actions & Documents Required for Carbon Credits

1 Includes investment plans and impact assessment reports.
2 Includes information about carbon reduction project, including the objectives, methodologies, baseline, and additionality reports.
3 Includes financial projections, budget breakdown, revenue usage, and cost estimates associated with the carbon reduction project. Reports to also highlight environmental and social benefits of the carbon reduction project.
4 Includes contractual agreements such as MoU or LoI outlining quantity, price and delivery of carbon credits to be sold.
5 Includes presentations, brochures, or marketing materials showcasing the project features, benefits, and impact.
6 Includes certificates or statement of compliance issued by carbon credit certification bodies confirming adherence to standards and regulations.

Routes to Obtain Carbon Credits

There are two primary routes to obtain carbon credits: **the voluntary carbon market route and the compliance (mandatory) carbon market route.**

Voluntary Carbon Market

The voluntary carbon market differs from the compliance carbon market because it's about addressing environmental issues and supporting sustainability by choice, not because of rules. It helps where regulations fall short by letting people and organisations offset carbon and reduce emissions on their own terms.

Advantages of Voluntary Carbon Market

1. The voluntary carbon market plays a crucial role in enhancing ambition and flexibility in climate action efforts. It allows organisations to voluntarily engage in initiatives aimed at reducing carbon emissions and promoting sustainability.
2. It provides a platform for Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) practices, enabling companies to align their business objectives with environmental stewardship.
3. It empowers local and grassroots initiatives by supporting community-led projects. These projects, driven from the bottom-up, offer tailored solutions to specific environmental needs, contributing to a more comprehensive and inclusive approach to climate action.

Voluntary Carbon Credit Standards

Voluntary carbon credit standards are guidelines that ensure credibility and transparency in the voluntary carbon market. They outline the requirements for developing, certifying, and trading carbon credits. The table below highlights the common types of the voluntary carbon credit standards:

Name	Explanation
Verified Carbon Standard	Widely used standards, ensures projects meet rigorous criteria for carbon accounting, project design, and verification **Credit Name:** Verified Carbon Units (VCUs)
Gold Standard	Sets high-quality benchmarks for carbon offset projects, emphasises on sustainable development benefits for local communities **Credit Name:** Gold Standard Certified Emission Reductions (CERs)
Plan Vivo Standard	Focus on community-based forestry and agroforestry projects, emphasises the involvement of local communities, and ensures Environmental, Social and Economic benefits **Credit Name:** Plan Vivo Certificates
American Carbon Registry	Provides robust standards for carbon accounting, project certification and carbon credits **Credit Name:** American Carbon Registry Offset Credits
Climate Action Reserve	Ensures the credibility and integrity of carbon offset projects through rigorous verification and monitoring **Credit Name:** Climate Reserve Tonnes

TABLE 5: Voluntary Carbon Credit Standards

Compliance (Mandatory) Carbon Market

The compliance carbon market operates under regulatory frameworks mandating entities to limit greenhouse gas emissions. Its primary purpose is to ensure compliance with emission reduction targets set by government regulations or international agreements like the Kyoto Protocol or the Paris Agreement. Entities in this market must obtain and surrender carbon credits equivalent to their emissions, either through internal reductions or by purchasing credits from other participants.

Advantages of Compliance Carbon Market

1. It provides a structured framework for achieving emission reduction targets mandated by government regulations or international agreements. This regulatory approach ensures accountability and incentivises industries to adopt cleaner technologies and practices.
2. It facilitates the efficient allocation of resources by allowing entities to trade carbon credits, thereby enabling cost-effective emission reduction strategies.
3. It fosters innovation and investment in low-carbon technologies, driving sustainable economic growth while addressing the global challenge of climate change.

Compliance Carbon Credits Standards

Compliance carbon credit standards ensure that emission reduction projects meet specified criteria and adhere to rigorous methodologies for calculating and verifying emission reductions or removals. These standards play a crucial role in ensuring the integrity and effectiveness of emissions reduction efforts within the compliance carbon market. Examples of compliance carbon credit standards include:

1. The Clean Development Mechanism (CDM) under the Kyoto Protocol
2. The European Union Emissions Trading System (EU ETS)
3. Various regional or national cap-and-trade programs

Differences in the Voluntary Carbon Market and Compliance Carbon Market

Factors	Voluntary Carbon Market	Compliance Carbon Market
Project Requirement	Driven by voluntary initiatives and focus is more on a wider range of ER activities	Requires projects to meet specific regulatory criteria and have stricter eligibility requirements
Certification Standards	Includes a broader range of standards	Adherence to specific standards established by the government bodies or regulatory agencies
Market Access and Indented Users	Access is open, allowing a wide range of buyers and sellers to participate. **BUYERS:** 1. Corporates (CSR initiatives) 2. Individuals (to offset their carbon footprint or support environmental conservation projects) 3. Governments (to support ER, sustainable practices &projects) 4. Carbon Offset Retailers (who sell credits to individuals, corporations, etc.) 5. Carbon Market Intermediaries (Brokers, traders and financial institutions that facilitate carbon credit transactions) **SELLERS:** NGOs, CSOs, Social Enterprises	Access is restricted and limited to entities. **BUYERS:** 1. Corporations and Industries subject to emission regulations 2. Governments implementing emission trading schemes

Table 6: Differences between Voluntary and Compliance Carbon Market

Navigating the Application Process

Securing carbon credits involves several key steps. These are given below:

1. **Project Identification and Feasibility Study:** This includes identifying viable climate mitigation opportunities and conducting pre-feasibility and feasibility study to assess the technical, financial, and environmental viability of the project.

> **WHAT ARE THE PRE-FEASIBILITY AND FEASIBILITY TESTS?**
>
> These assessments are conducted to determine the viability of a proposed climate mitigation project.
>
> Pre-feasibility assessment involves screening potential projects based on basic information like location, scope, and activities to determine suitability. A Feasibility study occurs after the pre-feasibility and evaluates the technical, financial, and environmental aspects in detail. For example: Site conditions are analysed, financial projections are drafted, environmental impacts are discussed, etc.

2. **Baseline Emission Determination and Additionality & Permanence Considerations:**
   - After conducting the tests, a baseline of business-as-usual (BAU) emissions is established, representing emissions that would occur without the implementation of the project. The baseline servers as a reference point for measuring emission reductions or removals by the projects.
   - Additionality & Permanence Considerations refer to two key principles of carbon offsetting. Additionality requires demonstrating that emission reductions or removals achieved by the project are additional to what would have occurred under BAU conditions. Permanence ensures that emission reductions achieved by the project are maintained over time, typically through measures such as carbon sequestration or the use of long-lasting technologies.
3. **Project Development:** Develop the project according to established methodologies and standards. This may involve working with experts in carbon accounting and project management to ensure compliance with international protocols and baseline reports.
4. **Certification and Validation Process**: Engage/submit project documentation to a third-party verifier who will assess the data and ensures the project meets the requirements for carbon credit certification. This involves using a monitoring, reporting, and verification (MRV)[7] system to track, document, and validate emission reductions. Post this Carbon Credits are issued.
5. **Registration of Carbon Credits:** Once the credits are issues and the project is validated, credits can be registered on voluntary carbon platforms or marketplaces, where buyers interested in offsetting their emissions can purchase them.
6. **Market, Negotiate, and Transfer:** Promote carbon credits to potential buyers, emphasising environmental benefits and credibility. Upon finding a buyer, negotiate terms and transfer credits through a contractual agreement. During this, it is essential to monitor and report the project's performance to the prospective buyer and ensure continued emission reductions over time.
7. **Decision:** The organisation decides whether to permanently retire the carbon credits or sell them to other entities for offsetting purposes. If selling, the credits are listed on a trading platform or through a broker, and ownership is transferred through a registry. If retiring, the credits are taken out of circulation and no longer used for offsetting.

---

7 Monitoring, Reporting and Verification system involves the continuous monitoring of project activities, accurate reporting of ERs, and independent verification to ensure compliance with the standard requirements

Guidelines for Success and Pitfalls to Avoid

When engaging in the carbon market space, there are best practices that stakeholders should know and common pitfalls to be mindful of to ensure successful implementation.

Best practices to include:

Points	Explanation
Thorough Feasibility Study	Conduct a comprehensive feasibility study to assess the project's potential, including environmental, social, and economic impacts. Ensure the project is viable and aligns with both local needs and global carbon reduction goals.
Clear Project Design Document (PDD)	Develop a detailed Project Design Document outlining the project's scope, objectives, methodologies, baseline emissions, expected emission reductions, and monitoring plans. The PDD is crucial for gaining certification and attracting investors.
Selection of Appropriate Standards	Choose the right carbon standards (e.g., Verified Carbon Standard, Gold Standard) that align with the project type and goals. Each standard has specific requirements and benefits, so select one that maximises the project's credibility and marketability.
Robust Monitoring, Reporting, and Verification (MRV)	Establish a robust MRV system to accurately track and report emission reductions. Use reliable methodologies and third-party verification to ensure transparency and credibility in reporting.

Key Pitfalls to avoid:

Points	Explanation
Inadequate Stakeholder Engagement	Failing to involve local communities, government bodies, and other stakeholders can result in a lack of support, opposition, or even project failure. Early and ongoing engagement is crucial.
Lack of Financial Planning and Risk Assessment	Inadequate financial planning and risk assessment can result in funding shortfalls and unforeseen risks. Develop a comprehensive financial plan and risk management strategy.
Insufficient Capacity Building	Neglecting to build capacity among project team members and local stakeholders can lead to operational inefficiencies and project delays. Invest in training and development to ensure everyone involved is well-prepared.

BLENDED FINANCE

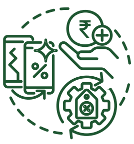
Definition and Concept

Blended concessional finance, or blended finance, involves combining private funding with public, development, or philanthropic funding (concessional capital).[xii] The key concept of Blended Finance is that public money reduces private capital risk, encouraging private funders to support projects that might not be commercially viable otherwise, thereby increasing the total available capital. By leveraging the strengths of both the public and private sectors, blended finance aims to maximise the positive impact of projects.[xiii]

FIGURE 3: Overview of Blended Finance

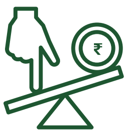
Source: Vilgro – Practitioners Guide, Blended Finance, 2023

Key Concepts of Blended Finance



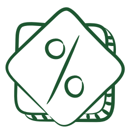
Additionality

Additionality refers to the extra benefits directly linked to an intervention or financial structure. It includes; Financial Additionality – an extra capital raised through a financial arrangement and Impact Additionality – Additional social or environmental benefits resulting from a project.



Leverage

This measures how much private money is attracted for each unit of philanthropic funding.



Concessionally

It pertains to capital provided under favourable conditions, including debt with lower interest rates, advantageous tenure, or tailored terms; equity with asymmetrical returns; and non-return seeking grants. This can be used independently or in combination with other financial instruments.

CONCESSIONAL FUND DESCRIPTION

Concessional funders are entities that provide financial support on terms more favourable than market conditions to encourage specific development objectives. Different types of concessional funders include:

- **Development Finance Institutions (DFIs):** These institutions, often government-backed, provide concessional financing to support projects that contribute to economic development, poverty reduction, and other societal goals in developing countries. For Example, – NABARD, SIDBI in India.
- **Philanthropic Organisations:** Philanthropic entities, such as foundations and charitable organisations, may offer concessional funding to support initiatives aligned with their mission, including those related to social and environmental causes. For Example – Tata Trusts, Azim Premji Foundation.
- **Impact Investors:** Some private investors and funds focused on impact investing may provide concessional capital to projects that generate positive social and environmental outcomes alongside financial returns. For Example - Impact Investor Council (IIC), KOIS, etc.

Concessional fund advantages include:

1. **Tailored Solutions:** They provide bespoke financial solutions tailored to the specific needs and goals of CSOs and NGOs engaged in climate initiatives.
2. **Expertise:** Leveraging specialized knowledge, they enhance the impact of projects, bringing valuable expertise in sustainable development to support CSOs and NGOs.
3. **Risk Mitigation:** They provide instruments to mitigate financial risks associated with climate projects, increasing their feasibility and attractiveness.
4. **Long-Term Partnership:** Emphasising enduring relationships, they ensure stability and continuity, offering CSOs and NGOs sustained support in achieving sustainable development goals.

Advantages of Blended Finance for CSOs and NGOs

1. Encouraging Private Sector Engagement:

- **Challenge:** Private investors may be hesitant to invest in projects with uncertain returns or long payback periods.
- **Blended Finance Solution:** Blended finance structures provide a way to align private sector interests with sustainable development goals. By offering financial instruments with balanced risk-return profiles, blended finance attracts private sector engagement, unlocking resources for climate projects.

2. Aligning with Sustainable Development Goals (SDGs):

- **Challenge:** Achieving SDGs, including those related to climate action, requires substantial investment.
- **Blended Finance Solution:** Blended finance instruments, such as green bonds and impact investment funds, are designed to align with SDGs. They direct capital toward projects that promote environmental sustainability, renewable energy, and climate resilience, contributing to the achievement of global development goals.

3. Enhancing Project Viability:

- **Challenge:** Climate projects may face economic viability challenges due to factors like high initial costs.
- **Blended Finance Solution:** By combining different types of capital, blended finance improves the economic viability of climate projects. This enables the implementation of initiatives that might be economically challenging for private investors alone, ensuring a more robust pipeline of climate-related projects.

4. Risk Mitigation and Allocation of Additional Capital:

- **Challenge:** Engaging in climate projects involves financial, regulatory, and environmental risks, especially for CSOs and NGOs, which face challenges securing financing from traditional sources like commercial banks due to high-interest rates, stringent repayment terms, collateral requirements, and a lack of understanding of climate projects by lenders.
- **Blended finance Solution:** It combines concessional finance with commercial capital to mitigate risks and attract private investors and amplifys the impact of available funds by creating a multiplier effect through contributions from donors or philanthropic organisations. This also introduces innovative financial instruments that enable CSOs and NGOs to address specific risks associated with climate projects. These instruments may include insurance mechanisms, guarantees, and other tools tailored to enhance financial sustainability and attract private investors.

BLENDED FINANCE USE IN INDIA

India, the world's third-largest carbon emitter, faces the dual challenge of economic growth and climate change, risking 600 million people from events like floods and wildfires. Without action, climate change could cost India US$ 1.12 trillion from its GDP by 2050, hindering sustainable development and poverty alleviation. India aims to cut emissions intensity by one-third by 2030, requiring over US$ 200 billion annually, mostly from private capital. However, India's mitigation and adaptation sectors currently struggle to attract enough private investment. Blended finance, using concessional funds to attract commercial investment, has significant potential to boost climate finance and sustainable development in India.

Why Blended Finance for Climate Projects

The figure below highlights why the method of Blended Finance is beneficial for use in a climate project -

Approaches	Principle	How it works	Instruments
Risk Mitigation	Transfers risk from commercial capital to risk taking philanthropy.	Reduces risks associated with a transaction or enterprise by assuming losses for specific negative events like loan defaults to make the transaction attractive for commercial capital.	• Guarantees - full or partial; first loss or pari-passu • Insurance • Buyback
Results Based Financing	Link impact creation with financial rewards.	Measurable impact targets are set and funding is linked to achieving these targets. It involves rigorous impact measurement.	• Impact Bonds • Outcome Funding • Impact linked funding
Concessional Finance	Financing with favorable terms - high risk taking, lower cost, or longer time horizon.	Concessional capital helps bring affordability to the funding. Subordinate capital bears higher risk and helps crowd in commercial capital.	• Concessional Debt • Subordinate Debt • Concessional equity
Support Mechanisms	No return expectation funding given to support achievement of impact goals and make funding more catalytic.	Funds risky activities such as technology development. Technical assistance can address specific enterprise risks to help build sustainability and attract commercial capital.	• Grants • Technical assistance

FIGURE 4: Use of Blended Finance in a Climate Project

Source: Vilgro – Practitioners Guide, Blended Finance, 2023

Documents Required for Blended Finance Project

Given below is a table outlining the key actions and documents needed when preparing for blended finance projects. Each document is branded into specific categories. The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the funding.

Please Note: *The list below is not exhaustive, and additional documents may be required. However, this encompasses the fundamental documents needed for blended finance funding.*

Objective	Key Actions	Documents Required[8]
Assessing Project Viability	• Evaluate Financial Feasibility • Align project objectives with climate initiatives • Analyse costs, revenue projections • Identify potential risks and mitigate challenges	1. Organisational Profile[9] 2. Capacity Statement / Climate Aligned Projects 3. Business Plan[10] 4. Terminal Project Evaluations[11] 5. Risk Assessment & Tolerance Reports 6. Administrative and Project Budget Reports[12] 7. Project Contracts & Reports
Developing a Robust Business Case	• Define project's value proposition • Highlight environmental and social impact	
Identifying Appropriate Models	• Explore concessional capital, risk mitigation tools, support mechanisms, or result – based financing • Evaluate the suitability of each model considering its risk tolerance, sustainability impact, and project specifics	

TABLE 7: Key Actions & Documents Required for Blended Finance

8 Organisations must submit their most recent documents, with the option to provide historical records dating back up to the last 5 years to enhance credibility.
9 Includes mission and vision statements, registration details, governance structure, financial statements.
10 Includes long-term financial projections.
11 Includes the outcome ratings, project size, largest financed project.
12 Includes the breakdown of project financing type and project approval timelines.

Navigating the Application Process

Given below are the basic points which need to be kept in mind when applying for a blended finance structure.

1. Navigating the blended finance application process necessitates a strategic approach, with a primary focus on understanding and meeting the documents required when financing a climate project through blended finance.[13]
2. Engaging with DFIs emerges as a pivotal step in this application journey. Building meaningful connections with DFIs requires effective communication and a clear demonstration of how the project aligns with their priorities and objectives. This engagement not only provides insights into funders' expectations but also enhances the likelihood of securing blended finance.
3. Ensuring compliance with legal and regulatory frameworks is essential. CSOs and NGOs must navigate legal aspects related to blended finance, including contractual agreements and regulatory requirements.
4. Throughout this process, ensuring alignment with climate goals remains paramount. Organisations must equate their proposals with overarching climate objectives, underlining the contributions of their projects to sustainable development and climate resilience. This alignment not only boosts approval prospects but also cultivates partnerships with institutions dedicated to advancing climate action.

Guidelines for Success & Pitfalls to Avoid

When engaging with blended finance, there are best practices to incorporate and common pitfalls to avoid to ensure successful implementation.

Best practices to include:

Points	Explanation
Strategic Partnerships	Establishing strategic partnerships with public and private entities that share a common vision, complementary strengths is essential for development of projects.
Risk Mitigation Practices	Identifying and addressing risks help to attract the attention of private investors and enhance the success of the project.
Sufficient Local Engagement	Engagement of local communities and stakeholders ensure that their needs and perspectives are considered which lead to project's acceptance.

Pitfalls to avoid:

Points	Explanation
Mismatches Objectives	Ensure alignment between the objectives of public and private partners for successful project implementation.
Lack of Governance Structure	Poor governance results in confusion, delays, and inefficient decision – making, necessary to define roles and responsibilities of all stakeholders.
Inadequate Due Diligence	Meticulousness on all aspects of the project, including financial, environmental, and social considerations is important. Failure to address and manage risks can deter private investors and hinder the overall success of the project.
Avoid Myopic Approach	Focusing solely on short term gains may neglect the broader impact and viability of the project.

13 This transparent and detailed documentation not only satisfies funders' due diligence but also reinforces the argument for climate action initiatives.


BIG BOSS
UP63
BT 1620
THUKRAL
Electric - Bikes

GREEN BONDS

Definition and Concept

Green bonds are a type of fixed-income financial instrument designed specifically to raise funds for projects that have positive environmental or climate benefits. These projects can include renewable energy, energy efficiency, clean transportation, sustainable water management, and other green initiatives.[xiv] The key feature of green bonds is that the proceeds are exclusively earmarked for financing environmentally friendly projects, making them an essential tool in sustainable finance.[xv]

Please Note: *This section will cover green bonds in a broad sense. It is important to note that the usage of green bonds is relatively new in India, and their impact and availability are still evolving. As of now, the help they provide may be limited, and further developments in the market may influence their effectiveness and scope for financing environmentally sustainable projects.*

Green Bonds in India

India's green bond market began in 2015 when Yes Bank issued the country's first green bond. However, the role of green bonds gained significant momentum after the 26th UN Climate Change Conference of the Parties (COP26), held in 2021 in Glasgow.[xvi] A prominent example of green bond usage in India is given below:

The Ghaziabad Nagar Nigam Green Bond was issued by the Ghaziabad Nagar Nigam (GNN), a municipal corporation of Ghaziabad, Uttar Pradesh. This bond represented a significant step for municipal corporations in India, as it demonstrated the ability to raise funds for sustainable projects through green bonds and encourages local governments to explore this mechanism further.

The key details of the Ghaziabad Nagar Nigam Green Bond:

1. **Purpose:** The bond funded a 20 MW solar power plant, aimed at reducing the city's carbon footprint and boosting renewable energy capacity.
2. **Issuance and Success:** Listed on the Bombay Stock Exchange (BSE), it raised ₹150 crores.
3. **Certification:** It received certification from the Climate Bonds Initiative (CBI), ensuring funds were used for environmentally beneficial projects.

Relevance to CSOs

Although CSOs cannot issue green bonds directly, they can access funding through partnerships, grants, or service contracts linked to these bonds. However, when granted green bonds, CSOs can influence governmental policies and ensure funds are used for meaningful climate action aligned with their missions.

Image by Freepik

B. Corporate Social Responsibility (CSR)

Definition and Concept

Corporate Social Responsibility (CSR) is when companies include social and environmental concerns in their business activities and interactions with stakeholders. CSR means to go beyond following the law to also taking voluntary actions that benefit society, including employees, customers, communities, and the environment into account. In India, CSR was formalised under the Companies Act, 2013, which mandates certain qualifying companies to spend a portion of their profits on CSR activities and report on their CSR initiatives annually.[xvii]

Evolution of CSR

Over centuries, CSR has evolved from irregular acts of charity to consistent strategies that embed social and environmental considerations into business practices. Originating as a response to societal calls for ethical corporate behaviour amid industrialisation and globalisation, early CSR primarily involved planned philanthropic efforts by affluent individuals and companies to tackle societal challenges. In the mid-20th century, CSR gained momentum as corporations acknowledged the importance of addressing their societal and environmental impacts. While this era witnessed the inception of corporate philanthropy, employee welfare schemes, and community engagement initiatives, CSR remained largely discretionary and decentralised, lacking a standardised framework or legal mandate.[xviii]

In the late 20th and early 21st centuries, CSR underwent significant evolution spurred by mounting concerns regarding environmental degradation, social inequality, and corporate accountability. Key events like environmental disasters and human rights violations fuelled demands for heightened corporate responsibility from stakeholders. In response, governments worldwide began implementing regulations mandating CSR disclosures and practices, ushering in a more structured approach to CSR.[xix] Presently, CSR emphasises sustainability and stakeholder engagement, with businesses expected to balance financial performance with social and environmental considerations. Frameworks like the UN Global Compact and the Sustainable Development Goals (SDGs) offer guidance for integrating CSR into business strategies. Today, CSR holds a pivotal role in corporate governance, compelling companies to showcase their dedication to social and environmental responsibility through transparent reporting and substantive actions.[xx]

Types of CSR Categories

Given below are the types of CSRs categories that can be seen in the ecosystem:

1. **Environmental impact CSR:** Refers to the company's efforts to minimise its ecological footprint and reduce any adverse effects its operations may have on the environment. This includes initiatives to conserve resources, reduce pollution, and promote sustainable practices.

2. **Ethical responsibility CSR:** Involves conducting business in an ethical and morally upright manner, adhering to principles of honesty, fairness, and integrity in all dealings. It encompasses aspects such as transparency, accountability, and respect for human rights and labour standards.

3. **Philanthropic endeavour CSR:** Voluntary actions taken by companies to contribute to the well-being of society. This can include charitable donations, community development projects, and initiatives aimed at addressing social issues like poverty alleviation, education, and healthcare.

4. **Financial responsibility CSR:** Refers to the company's obligations to its shareholders, including its employees, customers, suppliers, and the wider community. This involves ensuring financial stability, profitability, and sustainable growth while also creating value for all stakeholders and maintaining high standards of corporate governance.

Advantages of CSR for CSOs and NGOs

ADVANTAGES OF CSR FUNDING

The mentioned categories of CSR also help to understand the benefits that its funding can offer to CSOs, and NGOs involved in climate projects. By encompassing environmental impacts, ethical responsibility, philanthropic endeavours, and financial responsibilities, CSR not only ensures corporate engagement but also facilitates sustainable funding opportunities for climate initiatives.

1. **Challenge:** CSOs and NGOs often struggle to secure sufficient funding for their projects and programs.
   CSR Solution: CSR initiatives often involve significant financial investments by corporations, providing a valuable source of funding for CSOs and NGOs to implement their projects and programs.

2. **Challenge:** CSOs and NGOs may lack access to expertise, resources, and networks necessary to effectively implement their projects.
   CSR Solution: Collaborating with corporations on CSR projects can lead to long-term partnerships, offering CSOs and NGOs access to additional resources, expertise, and networks.

3. **Challenge:** CSOs and NGOs may face credibility and visibility issues, hindering their ability to attract support and engage stakeholders.
   CSR Solution: Aligning with reputable corporations through CSR projects can enhance the credibility and visibility of CSOs and NGOs, attracting more attention and support from stakeholders and the community.

4. **Challenge:** CSOs and NGOs may struggle with capacity building and skill development, limiting their effectiveness and sustainability.
   CSR Solution: CSR partnerships often involve knowledge sharing, capacity building, and skill development opportunities for CSOs and NGOs, empowering them to become more effective and sustainable in their operations.

5. **Challenge:** CSOs and NGOs may find it difficult to scale their impact and reach more beneficiaries.
   CSR Solution: CSR initiatives backed by corporations often have the potential for scalability, allowing CSOs and NGOs to expand their impact and reach more beneficiaries over time.

6. **Challenge:** CSOs and NGOs may face risks such as financial instability or resource constraints.
   CSR Solution: Partnering with corporations on CSR projects not only diversifies funding sources but also shares responsibilities, mitigating risks like financial instability or resource constraints for CSOs and NGOs.

Documents required for CSR projects

Given below is a table outlining the key actions and documents needed when preparing for CSR funding. Each document is branded into specific categories. The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the funding.

Please Note: *The list below is not exhaustive, and additional documents may be required. However, this encompasses the fundamental documents needed to access CSR Funding.*

<table>
<tr><th>Objective</th><th>Key Actions</th><th>Documents Required[14]</th></tr>
<tr><td>Aligning with Corporate Priorities</td><td>• Understand CSR Priorities
• Develop a Clear Proposal with focus areas of corporate donors
• Engage with corporate representatives to discuss alignment and explore partnership opportunities</td><td rowspan="3">1. Organisational Profile[15]
2. Capacity Statement / Climate Aligned Projects
3. Partnership Agreements/ Stakeholder Engagement Records[16]
4. Business Plan[17]
5. Terminal Project Evaluations[18]
6. Impact Assessment, Monitoring and Evaluation Framework[19]
7. Risk Assessment & Tolerance Reports
8. Administrative and Project Budget Reports[20]
9. Compliance and Governance Policies Documentation</td></tr>
<tr><td>Demonstrating Impact and Sustainability</td><td>• Showcase potential impact of project on the community or environment
• Demonstrate evidence of past successful projects to showcase organisational capacity
• Outline plans for long-term sustainability</td></tr>
<tr><td>Ensuring Compliance and Accountability</td><td>• Knowledge of CSR guidelines and reporting requirement of corporate donors
• Ensure compliance with regulations and standards throughout project implementation
• Maintain transparency and accountability in financial management and reporting practices</td></tr>
</table>

TABLE 8: Key Actions & Documents Required for CSR

14 Organisations must submit their most recent documents, with the option to provide historical records dating back up to the last 5 years to enhance credibility.
15 Includes mission and vision statements, registration details, governance structure, financial statements.
16 Includes documentation of meetings or discussions with corporate representatives regarding project alignment.
17 Includes long-term financial projections.
18 Includes the outcome ratings, project size, largest financed project.
19 Includes previous project evaluation, key performance indicators (KPIs) and methods for evaluating project progress impact.
20 Includes the breakdown of project financing type and project approval timelines.

How CSR Funding works?

1. Companies allocate a mandated percentage of their profits, typically two percent of their average net profits over the preceding three financial years, for CSR activities as required by law. These funds are then transferred to designated CSR bank accounts. The funding process follows a structured approach, including allocation, utilisation, and reporting of funds for social responsibility initiatives.
2. Once the funds are allocated, the company identifies suitable CSR projects aligned with its policy and objectives.
3. The duration of the transferred funds for CSR activities is typically within the financial year (April to March).

Navigating the Application Process

Given below are the basic points which need to be kept in mind when applying for CSR funding.

1. **Research the Companies:** Look into companies with CSR initiatives aligned to the organisation project. Understand the companies' criteria for funding.
2. **Prepare Documentation:** Have a clear project plan with timelines, stakeholders, and expected outcomes. Include financials, evaluation, and impact assessment.[21]
3. **Plan Accordingly:** Adjust the project plan based on the funding received, ensuring it aligns with the organisation's goals and available resources.

INFORMATION ON HANDLING OF UNSPENT, EXCESS, OR SURPLUS CSR FUNDS

A. Unspent CSR Funds: If any CSR funds remain unused at the end of a financial year, they should be handled in the following ways:

- Transfer to Unspent CSR Account: Any unused amount from an ongoing project should be transferred within 30 days of the end of the financial year to a designated 'Unspent Corporate Social Responsibility Account.' This amount must be spent within the next three financial years, following the company's CSR policy. If the funds remain unused after this period, they should be transferred within six months to a specified fund in Schedule VII of the act.
- Transfer to Schedule VII Fund: If the funds are not allocated to any CSR project, they should be transferred within six months to a fund specified in Schedule VII of the act.

B. Surplus CSR Funds: If there is a surplus from CSR activities, it must be handled by:

- Spending on the same project that generated the surplus.
- Transferring to the Unspent CSR Account of the company.
- Transferring to a fund specified in Schedule VII of the act.

C. Excess CSR Spends: If a company spends more than the mandatory two percent on CSR, the excess amount can be offset against CSR spends in the next three financial years, subject to board approval. However, this excess amount cannot include surpluses from CSR activities.

D. Impact Assessment: Companies with an average CSR spend of ₹10 crore or more in the past three financial years must conduct mandatory impact assessments for CSR projects with budgets of ₹1 crore or more, completed one year prior to the assessment. An independent agency must be appointed for the assessment, with costs not exceeding ₹50 lakh or five percent of the total CSR spend for that financial year, whichever is lower.

21 Elaborated further in the Documents Required section of CSR.

Guidelines to Success and Pitfalls to Avoid

When engaging with CSR funding, there are several best practices to incorporate and common pitfalls to avoid that to ensure successful implementation.

Best practices to include:

Points	Explanation
Understand CSR Priorities	Research and understand the CSR priorities of potential corporate donors to align the project proposal with their focus areas.
Showcase Impact	Highlight the potential impact of the project on the community or environment, emphasising measurable outcomes and long-term sustainability.
Budget and Financial Management	Develop a detailed budget and financial plan, ensuring clarity, transparency, and accountability in financial management and reporting.
Compliance and Reporting	Familiarise CSR guidelines, regulations, and reporting requirements, ensuring compliance throughout the project lifecycle.

Key pitfalls to avoid:

Points	Explanation
Unclear Proposal	Submitting a vague or poorly defined project proposal that lacks clarity on objectives and outcomes.
Limited Engagement	Neglecting to actively engage with corporate donors and stakeholders, missing out on valuable feedback and opportunities for collaboration.
Inadequate Capacity	Failing to demonstrate organisational capacity, past successes, or relevant experience to execute the project effectively.
Rigidity and Resistance to Feedback	Failing to remain flexible and adapt to changing circumstances or stakeholder feedback, hindering project success.


Image by Freepik

C. Technology and Digital Mechanisms

PEER TO PEER LENDING (P2P)

Definition and Concept

Delving into debt- based funding, Peer-to-peer lending (P2P lending), also known as marketplace lending, is a form of financial arrangement that connects borrowers directly with individual lenders, cutting out traditional financial intermediaries, like banks. In P2P lending platforms, individuals or organisations seeking loans are matched with investors willing to lend money, often facilitated through an online platform.[xxi] The lending and borrowing occur directly between peers without the involvement of traditional financial institutions. Based on the concept of Crowdfunding[22], a P2P platform makes it convenient for people to find borrowers interested in taking unsecured loans.

P2P lending is vital for climate finance, offering a decentralised and accessible way for individuals and businesses to fund climate-related projects. It allows a diverse range of investors to support initiatives like renewable energy and sustainable agriculture, bypassing cautious traditional financial institutions. This broadens funding opportunities, addresses the financing gap for environmentally conscious projects, and fosters community engagement and shared responsibility for the planet's well-being, aligning financial goals with environmental sustainability.

The rise of P2P lending was facilitated by advancements in technology, particularly the internet, which enabled the creation of online platforms connecting borrowers and lenders efficiently. While the industry has faced regulatory challenges and undergone changes, P2P lending has become a notable alternative finance option, providing individuals and businesses with access to capital outside traditional banking channels.

The diagram below highlights how P2P works:

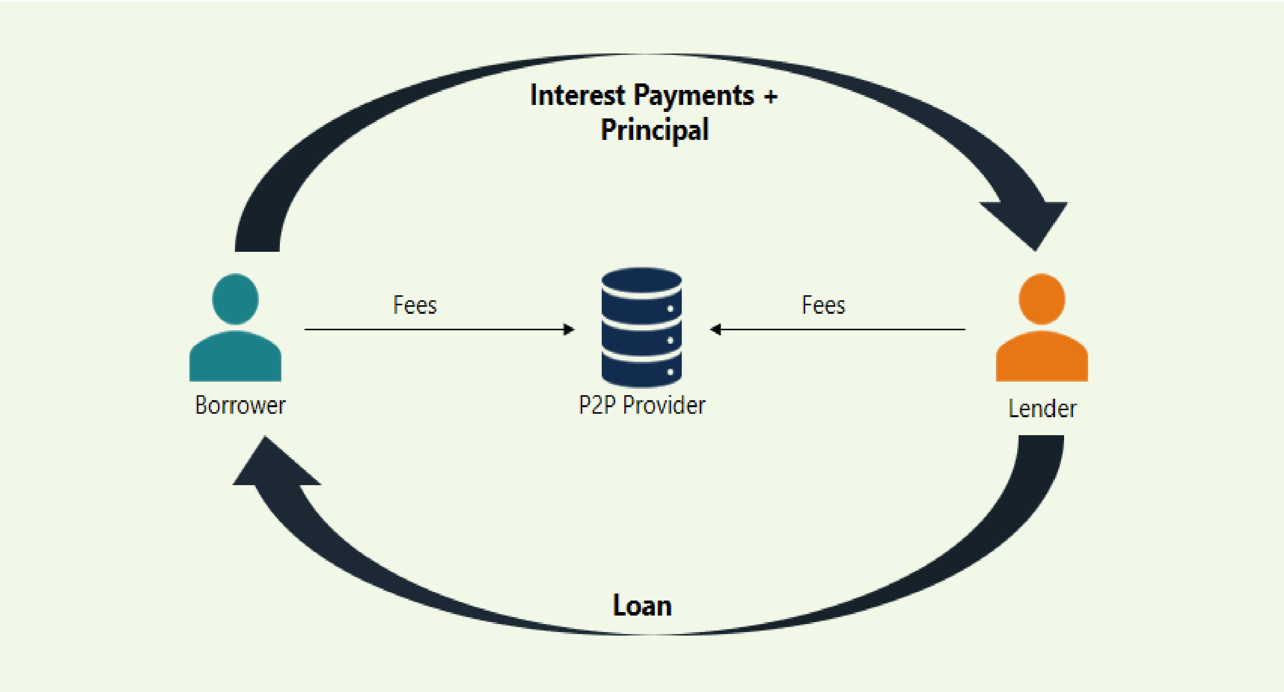


FIGURE 5: Overview of P2P Lending

Source: Corporate Finance Institute, 2024

22 Explored further in the next section.

DIFFERENCE BETWEEN P2P LENDING AND CROWDFUNDING

While both P2P lending and crowdfunding involve raising capital from multiple individuals, crowdfunding generally targets funding specific projects, causes, or ventures, whereas P2P lending centres on lending money with the expectation of financial returns through interest payments.

Key Concepts of P2P Lending

Decentralized P2P Transactions

Direct lending and borrowing between individuals without traditional financial intermediaries.environmental benefits resulting from a project.

Online Platforms for Digital Transactions

Utilisation of online platforms to connect lenders and borrowers, facilitating loan processes digitally.

Credit Risk Assessment and Customized Terms

Evaluation of borrower creditworthiness, allowing for flexible negotiation of interest rates, loan amounts, terms.

WHO CAN PARTICIPATE IN A P2P LENDING PLATFORM?

RBI guidelines allow various entities such as individuals, firms, societies, and companies to participate in P2P lending platforms. Recently, RBI updated these guidelines, significantly increasing the investment limit for individuals. Previously capped at Rs. 10 lakhs, individuals can now invest up to Rs. 50 lakhs, expanding opportunities for more substantial contributions to P2P lending projects.

Relevance of P2P lending to CSOs and NGOs

Given the challenges of traditional funding, exploring alternative financing like P2P lending is essential. P2P lending offers CSOs and NGOs the financial resources needed for social and environmental impact, providing flexibility, and aligning with their diverse needs. Given below are some of the characteristics of P2P lending which are beneficial to CSOs and NGOs:

1. **Accessible Financing:** P2P allows them to secure funds directly from individual lenders, overcoming traditional barriers.
2. **Innovative and Impactful Projects:** P2P addresses societal and environmental challenges that may face hurdles in traditional financing.
3. **Diversification of Funding Sources:** This reduces dependence on a single source and enhance financial stability.
4. **Flexibility in Borrowing:** Enables them to tailor their borrowing for specific projects, aligning with their diverse and evolving needs.
5. **Transparent Funding Process:** P2P discloses fees, interest rates and terms, ensuring clear understanding and trust for CSOs and NGOs.

Advantages of P2P Lending

1. **Knowledge Sharing & Collaboration:** P2P lending platforms promote direct interactions between borrowers and lenders, enabling a rich exchange of knowledge, experiences, and expertise. This interaction nurtures a more connected and informed financial environment, fostering mutual development.

2. **Streamlined and Customised Financing with P2P Lending:** P2P lending provides borrowers with a personalized experience, offering flexibility in loan amounts and repayment terms. Investors gain the advantage of diversifying their portfolios with various risk levels while benefiting from clear information on fees, interest rates, and borrower profiles.

3. **Social Media Footprints:** P2P lending platforms often utilise unconventional sources such as Facebook, Twitter, and e-commerce websites to evaluate the creditworthiness of borrowers. By employing technologies like data analytics and social modelling, P2P companies assess borrowers' profiles, employing alternative methods to verify personal details, cash flow, and repayment records.

4. **Risk Categorisation:** P2P lending links risk to potential returns, with investors accepting varying degrees of risk for potential interest earnings. Borrowers are classified into different risk categories—very high, high, medium, and low—based on their credit profiles, financial history, and income. This approach allows for a more flexible evaluation, where high-risk borrowers might be bypassed by traditional banks but offer higher returns, whereas low-risk borrowers present lower returns but more stability.

5. **No Blacklists in P2P:** Banks generally have a specific list of areas and profiles which they do not entertain. P2P companies look at every borrower as an individual and try to offer customised loans as per his or her requirement.

6. **Flexible Financing Structures:** P2P lending provides a more flexible approach to financing, allowing CSOs and NGOs to tailor loan structures, repayment terms, and interest rates based on the unique needs of their climate initiatives. This flexibility enhances the alignment between financing and the specific requirements of the project, contributing to its success.

7. **Fault Tolerance and Redundancy:** Many P2P lending platforms incorporate fault-tolerant features and redundancy into their systems. This ensures that, even in the case of technical failures or unforeseen issues, the financing processes and transactions can continue smoothly, minimizing disruptions to funding for climate initiatives.

Documents Required for P2P Lending Projects

Given below is a table outlining the key actions and documents needed when preparing for P2P Lending projects. Each document is branded into specific categories. The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the funding process.

Please Note: *The list below is not exhaustive, and additional documents may be required. However, this encompasses the fundamental documents needed to access P2P Funding.*

Objective	Key Actions	Documents Required[23]
Securing Funding for Climate Project	• Explore P2P online platforms • Examine previous projects for insights • Align project objectives with climate initiatives • Analyse costs, revenue projections • Identify potential risks and mitigate challenges • Formulate campaign strategy • Host forums and webinars for direct interaction and wider participation	1. Organisational Profile 2. Capacity Statement or Climate Aligned Projects 3. Business Plan[24] 4. Terminal Project Evaluations[25] 5. Risk Assessment & Tolerance Reports 6. Administrative and Project Budget Reports[26] 7. Project Contracts & Reports
Developing a Robust Business Case	• Define project's value proposition. • Highlight environmental and social impact	

Objective	Strategy Plans
Effective Knowledge Sharing	• Organise knowledge sharing webinars and sessions • Encourage active borrower and lender participation • Promote engagements through progress reports
Informed Transactions and Long-Term Partnerships	• Transparent communication on funding • Establish credibility through project success • Develop sustainable partnership model

TABLE 9: Key Actions, Documents Required & Strategy Plans for P2P Lending

23 Organisations must submit their most recent documents, with the option to provide historical records dating back up to the last 5 years to enhance credibility.
24 Includes long-term financial projections.
25 Includes the outcome ratings, project size, largest financed project.
26 Includes the breakdown of project financing type and project approval timelines.

Navigating the Application Process

Given below are the basic points which need to be kept in mind when applying for a P2P Lending structure.

1. **Registering on a P2P Lending Platform:** CSOs and NGOs can use P2P lending platforms designed for impact projects. These platforms assess credit risk, assign a rating, and set an interest rate. Organisations can showcase their initiatives, detailing environmental benefits and financial needs, attracting lenders interested in supporting such projects.

2. **Crafting a Compelling Campaign:** To attract lenders, CSOs and NGOs should craft compelling campaigns on the P2P platform. Highlighting positive environmental impacts and emphasising specific outcomes, such as reduced carbon emissions and improved community resilience, is crucial. Setting transparent funding goals and breaking down costs enhances transparency and encourages lender participation.

3. **Leveraging Community Support:** Active engagement with the community and existing supporters is key. NGOs and CSOs can encourage their network to participate in the P2P lending campaign, spreading awareness about the project's significance in combating climate change. Mobilising individuals who share a commitment to environmental causes can turn the campaign into a rallying point for direct contributions.

4. **Direct Interaction with Lenders:** Engaging potential lenders directly through forums, webinars, and Q&A sessions fosters collaboration and trust. This interaction allows organisations to convey the importance of their projects, answer queries, and build a supportive community. Lenders, whether individuals or institutions, express their commitment by contributing varying amounts to the campaign.

5. **Fulfilling the Climate Project:** Upon successfully reaching the funding goal through P2P lending, organisations can initiate their climate projects. Regular updates shared with lenders, showcasing project progress and tangible impacts, maintain transparency and accountability. The engaged lenders become more than just financial backers; they evolve into advocates within their own networks.

6. **Long-Term Impact:** The success of a project financed through P2P lending becomes a testament to its effectiveness in driving climate action. The engaged community of lenders tends to extend support to subsequent projects, forming a sustainable partnership that goes beyond one-time financial transactions. This collaborative spirit contributes to the long-term success of impactful initiatives undertaken by CSOs and NGOs.

Online Platforms for P2P Lending

Several P2P lending platforms operate in India, facilitating direct lending and borrowing among individuals. Some examples are –

1. **i2iFunding** functions as a digital marketplace, promoting efficiency and transparency in the lending and borrowing processes.
2. **RupeeCircle** emphasises inclusivity, providing affordable credit options for a diverse population.
3. **Faircent,** an early entrant in the P2P lending space, allows direct lending and borrowing, enabling portfolio diversification for lenders.
4. **Lendbox** employs technology to assess creditworthiness and connects borrowers with lenders through an online marketplace.
5. **LenDenClub** focuses on hassle-free and quick loans, creating a peer-to-peer lending marketplace.
6. **IndiaMoneyMart** provides a secure and transparent environment for borrowers to access loans tailored for various purposes.

CROWDFUNDING

Definition and Concept

Crowdfunding is a financing method facilitated by the internet and social media platforms. It involves raising small amounts of money from a large number of people to fund a project or venture. Unlike traditional financing methods, crowdfunding allows civil societies, entrepreneurs, artists, and individuals to bypass traditional financial intermediaries like banks or venture capitalists and directly appeal to potential backers or investors.[xxii]

Crowdfunding platforms typically operate on a reward-based, donation-based, equity-based, or debt-based model.[xxiii]

Debt-based crowdfunding, also known as peer-to-peer (P2P) lending (explained in the previous section), enables civil societies or individuals to borrow money from multiple investors who receive fixed returns on their investments.

The diagram below highlights how crowdfunding works:

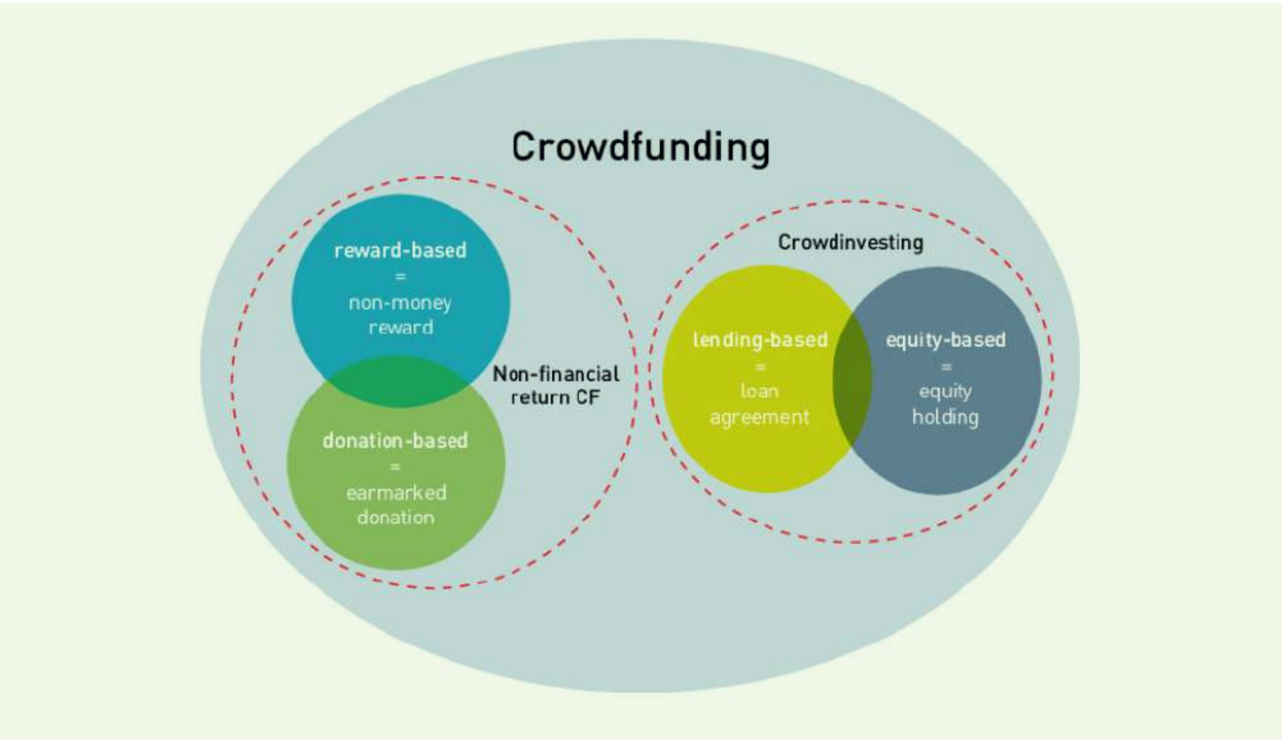


FIGURE 6: Overview of Crowdfunding

Source: Research Gate, 2018

Importance of Crowdfunding in the sphere of climate finance

Crowdfunding has become a crucial tool in climate finance, offering a decentralised way to raise funds for climate-related projects. It mobilises resources from diverse individuals, organisations, and communities, empowering grassroots initiatives and innovative projects that might struggle to get traditional funding. By pooling small contributions, crowdfunding supports various climate efforts like renewable energy, reforestation, sustainable agriculture, and community resilience. In the face of escalating climate challenges, crowdfunding amplifies grassroots action and collective impact, enhancing communities' capacity to address climate change on multiple levels.

Relevance of Crowdfunding to CSOs and NGOs

Crowdfunding present significant advantages for CSOs and NGOs seeking financial support for their initiatives. It offers:

1. **Broader reach:** Access to a global network of potential donors and investors.
2. **Accessible fundraising:** Bypasses traditional financing barriers and bureaucratic processes.
3. **Awareness raising:** Effective for highlighting social and environmental issues.
4. **Community engagement:** Fosters involvement and ownership among supporters.
5. **Valuable resource:** Mobilises financial support and advances organisational causes.
6. **Transparency and Accountability:** Allows donors to track the progress and money flow of the funded projects.

Additionally, crowdfunding is becoming vital in international development, especially for climate change mitigation. Recently, platforms like Sunfunder have started connecting crowd investors with solar businesses in developing countries, providing solar energy solutions to underserved communities. Investors earn 'impact points' instead of interest, highlighting the social and environmental impact of their contributions.

Types of Crowdfunding

These include:

Donation-based Crowdfunding: CSOs and NGOs can solicit donations from individuals, businesses, and foundations through online platforms. Donors contribute funds without expecting financial returns, motivated by the organisation's mission and impact.

Reward-based Crowdfunding: In reward-based crowdfunding, CSOs and NGOs offer tangible or intangible rewards to individuals who contribute to their campaigns. These rewards can include merchandise, exclusive experiences, or acknowledgment in project materials.

Debt-Based Funding or Peer-to-peer Lending: CSOs and NGOs can borrow funds directly from individuals or institutional lenders through peer-to-peer lending platforms. This form of financing typically involves repaying the loan with interest over a specified period.

Please Note: *For the scope of this toolkit, the focus will be on donation-based funding and peer-to-peer lending.*

Crowdfunding in India

Various crowdfunding platforms in India host campaigns focused on climate action, renewable energy, and environmental conservation. Through crowdfunding, innovative solutions for climate resilience, clean energy adoption, and environmental conservation are being funded and implemented, contributing to India's efforts towards a more sustainable and climate-resilient future. Some examples are:

- **Milaap:** Supports crowdfunding campaigns for social causes, including environmental conservation, renewable energy projects, and climate change initiatives.
- **Rang De:** Focuses on providing microcredit to low-income communities in India for various purposes, including eco-friendly initiatives and sustainable livelihood projects.
- **GreenCrowd:** A crowdfunding platform dedicated to environmental and sustainability projects, including renewable energy initiatives, waste management, and conservation efforts.
- **GiveIndia:** Supports crowdfunding in the field of Disaster relief, healthcare and environment.

Advantages of donation-based funding for CSOs and NGOs

1. Access to a wider pool of donors both locally and globally.
2. Flexible fundraising goals and reduction of administrative burden, thus allowing organisations to focus more on their project needs.
3. Build on a supportive community around the cause, fostering long-term relationships and potential future collaborations.

Documents Required for Crowdfunding Projects

Given below is a table outlining the key actions and documents needed when preparing for donation-based funding. Each document is branded into specific categories. The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the funding process.

Please Note: *The list below is not exhaustive, and additional documents may be required. However, this encompasses the fundamental documents needed for the crowdfunding process.*

Objectives	Key Actions	Documents Required
Raise funds to support specific projects or initiatives	Develop a compelling fundraising campaign that clearly communicates the organisation's goals, impact, and urgency.	1. Organisational Profile 2. Capacity Statement / Climate Aligned Projects 3. Business Plan[27] 4. Terminal Project Evaluations[28] 5. Risk Assessment & Tolerance Reports 6. Impact Report[29] 7. Project Contracts & Reports 8. Legal documents[30] 9. Communication Materials[31]
Build a community of supporters and advocates for the organisation's cause	Identify target donors and tailor fundraising appeals to resonate with their interests and motivations.	
Increase visibility and awareness about the organisation's mission and impact	Leverage diverse channels for outreach, including social media, email newsletters, and fundraising events, while ensuring transparency and accountability through regular updates on the impact of contributions.	

TABLE 10: Key Actions & Documents Required for Crowdfunding

27 Includes long-term financial projections, plan on objectives, strategies and expected outcomes of the fundraising campaign
28 Includes the outcome ratings, project size, largest financed project.
29 Includes results and impact achieved through previous fundraising, demonstrating accountability and effectiveness to potential donors
30 Includes registration certificates or tax exemption certificates, to establish the organisation's credibility and legitimacy
31 Includes storytelling content, photos, videos and testimonials to communicate organisation's mission and vision

Navigating the Application Process

Given below are the basic points which need to be kept in mind when applying for Crowd based funding structure.

1. **Project Proposal Development:** CSOs and NGOs outline their project objectives, strategies, and expected outcomes in a detailed project proposal. For example, CSOs/NGOs can propose a community-based initiative to address deforestation and promote sustainable land management practices.
2. **Engagement and Outreach:** CSOs and NGOs should leverage various channels, including social media, email newsletters, and community events, to engage supporters and create traction to their campaign pages. They should collaborate with local influencers, like-minded organisations, and community leaders to expand their reach and attract a diverse donor base.
3. **Campaign Monitoring and Reporting:** Throughout the campaign, CSOs and NGOs should provide regular updates and transparency reports to donors, showcasing the progress and impact of their projects. They can share photos, videos, and testimonials to build trust and accountability with their supporters.
4. **Goal Achievement and Impact Assessment:** With the support of their donors, CSOs and NGOs can successfully reach their crowdfunding goals and surpass fundraising targets. They can utilise the funds raised to implement their projects, engage communities, and achieve tangible outcomes. After project completion, they conduct impact assessments to evaluate the environmental, social, and economic impact, demonstrating the effectiveness of their crowdfunding campaigns.

Through crowdfunding, CSOs and NGOs can successfully mobilise resources, build community support, and implement a transformative climate project, contributing to the global efforts to combat climate change and create a more sustainable future.

Guidelines for Success and Pitfalls to Avoid

When engaging in P2P Finance and Crowdfunding, several best practices to incorporate and common pitfalls to be mindful of.

Best practices to include:

Points	Explanation
Strategic Partnerships	Establishing strategic partnerships with public and private entities that share a common vision, complementary strengths is essential for development of projects.
Risk Mitigation Practices	Identifying and addressing risks help to attract the attention of private investors and enhance the success of the project.
Clear and Compelling Project Proposal	CSOs and NGOs should develop a clear and compelling project proposal that highlights the environmental benefits, anticipated outcomes, and financial needs of the climate project. A well-structured proposal is crucial for attracting lenders and conveying the significance of the initiative in addressing climate challenges.
Establish Fault Tolerant Mechanisms	Anticipate and address potential challenges by establishing fault-tolerant mechanisms within the project plan. This includes risk mitigation strategies, contingency plans, and adaptive measures to navigate uncertainties. Demonstrating preparedness enhances the project's credibility and resilience.

Key pitfalls to avoid:

Points	Explanation
Inadequate Project Viability Assessment	Stakeholders should avoid rushing into P2P lending without a comprehensive assessment of their project's financial feasibility, alignment with climate initiatives, and potential risks. Failure to conduct a rigorous evaluation may result in insufficient funding, hindering the successful implementation of climate projects.
Inadequate Due Diligence	Meticulousness on all aspects of the project, including financial, environmental, and social considerations is important. Failure to address and manage risks can deter private investors and hinder the overall success of the project.
Neglecting Transparent Communication	Stakeholders must avoid neglecting clear and transparent communication about funding goals, costs, expected outcomes, and potential risks. Lack of openness may lead to misunderstandings with lenders and can impact the credibility of the organisation. Establishing a transparent reporting system and providing regular updates to lenders is essential for maintaining trust and support.

SOCIAL STOCK EXCHANGE

Definition and Concept

A Social Stock Exchange (SSE) is a specialised platform where organisations focused on social and environmental impact can list and trade securities, allowing them to raise capital from investors who prioritise positive societal and environmental outcomes alongside financial returns.[xxiv] For example, imagine SSE as a marketplace specifically designed for non-profit organisations (NPOs) that are dedicated to making a positive impact on society and the environment. Here, these entities can offer shares or securities (such as stocks, bonds, and mutual funds) to investors who are not only interested in financial profits but also care deeply about supporting causes that benefit people and the planet.

Scan the QR Code to view Social Stock Exchange (SSE) Website

History of SSE in India

Hon'ble Finance Minister Smt. Nirmala Sitharaman as part of the Budget Speech for FY 2019-20 proposed the idea of an electronic fund-raising platform "Social Stock Exchange", under the regulatory ambit of The Securities and Exchange Board of India (SEBI) for listing voluntary organisations and working for the realisation of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.

In June 2020, a panel formed by SEBI proposed the direct inclusion of NPOs in Social Stock Exchanges. This recommendation aimed to provide NPOs with a platform to raise funds by issuing securities, similar to companies listed on traditional stock exchanges. This move was particularly significant amidst the economic challenges caused by the COVID-19 pandemic, as it offered a means for NPOs to access capital and address societal needs, such as supporting vulnerable populations and promoting social welfare initiatives. Overall, the initiative was viewed as a positive step towards fostering social impact investing and addressing pressing social and environmental issues in India.

About SEBI -

The Securities and Exchange Board of India (SEBI) is the regulatory body that oversees the securities markets in India. It regulates various aspects of securities trading, including stock exchanges, brokers, and other intermediaries, to ensure fair and transparent trading practices and investor protection.

Proposed Mechanisms for Fundraising in SSE

SSE have a goal of efficiently using different ways to raise funds while following specific rules. The fundraising options depend on whether the organisation is a non-profit or for-profit, for non-profit organisations (NPOs), here are the ways they can raise funds:

Options	Explanations
Zero Coupon Zero Principal Bonds	These bonds allow NPOs to gather funds from donors, philanthropic foundations, and companies fulfilling their CSR. These bonds would last as long as the project is being funded, and when the project ends, the investor doesn't have to pay back the principal.
Development Impact Bonds (DIBs)	DIBs are financial instruments where a service provider (NPO) receives grants from outcome funders after achieving pre-agreed social goals. The NPO must initially raise funds from a risk funder, who provides upfront financing and assumes the risk of unmet goals. If successful, the risk funder may earn a small return.
Social Venture Funds (SVFs)	SVFs are a type of investment fund allowed by SEBI to issue securities or units of social ventures to investors.
Mutual Funds	Asset management companies can offer mutual fund units to investors. Investors can redeem these units, but all the returns from the investment go to selected NPOs chosen by the fund.

Table 11: SSE & its Proposed Mechanisms for Fundraising

Benefits of SSE

SSE on National Stock Exchange (NSE) offers Social Enterprises (Non-Profit Organisation and For-Profit Enterprises) a chance to register and raise funds on a recognised exchange platform. Key benefits include:

1. A structured meeting place for Social Enterprises and investors/donors, ensuring financial accountability.
2. Allows investors and investees with similar missions to connect easily, expanding investment options.
3. An additional funding avenue for social enterprises, complementing government efforts in achieving sustainable development goals.

WHICH ENTITY CAN IDENTIFY AS A SOCIAL ENTERPRISE IN SSE?

The Social Stock Exchange recognises two types of social enterprises dedicated to creating positive social impact:

I.Not-for-profit organisations (NPO)

II.For-profit social enterprises. (FPE)

A not-for-profit organisation includes entities such as charitable trusts, charitable societies, and companies incorporated under section 8 of the Companies Act, 2013, as specified by SEBI.

A for-profit social enterprise, excluding companies under section 8 of the Companies Act, 2013, encompasses companies and other bodies corporate operating for profit.

Please Note: It is mandatory for a Not-for-profit organisation to register with Social Stock Exchange before it raises funds through Social Stock Exchange.

Criteria for Registration

1. Before SEBI and SSE assess eligibility, Regulation 292E (2) of the Issue of Capital and Disclosure Requirements (ICDR) Regulations outlines three criteria for any 'Social Enterprise', whether NPE or FPE, engaged in social impact. Organisations must show that at least 67% of its activities benefit the target population. This can be demonstrated in three ways:

   A. At least 67% of its revenue over the past three years comes from providing services to the target population.

   "OR"

   B. At least 67% of its expenses over the past three years have been spent on providing services to the target population.

   "OR"

   C. The target population constitutes at least 67% of its total customer base and/or beneficiaries over the past three years.

DELHI SSE OFFICE

National Stock Exchange of India Ltd.,

4th Floor, Jeevan Vihar Building, Parliament Street, New Delhi 110 001, India

Telephone Number:

+91 11 23741741

2. SEBI, through its circular dated 19th September' 22 outlined the minimum requirements for NPOs and FPEs. The eligibility requirements for NPOs are –

   A. The NPO must have been in existence for a minimum of 3 years.

   B. It should possess a valid certificate under sections 12A, 12AA, or 12AB of the Income Tax Act.

   C. The organisation should have a valid 80G registration.

   D. A minimum annual spending of ₹50 lakhs is required.

   E. There should be a minimum fund of ₹10 lakhs in the past year.

3. Some of the additional requirements by SSEs are –

   A. SSEs are permitted to impose additional requirements beyond those mandated by SEBI for NPO registration.

   B. These additional requirements may vary depending on the SSE's policies and objectives.

Scan the QR Code to view the SSE FAQ Page.

Scan the QR Code to view the SSE Registration link.

Scan the QR Code to view the framework of SSE.

Scan the QR Code to view the FPOs registered in SSE.

Documents Required for SSE Registration

Given below is a table outlining the documents needed when preparing for SSE registration. Each document is branded into specific categories. The toolkit aims to provide a structured and accessible framework, allowing users to easily identify and comprehend the various documents needed for the funding process.

A processing fee may be required to complete the registration process in SSE.

Please Note: *The list below is not exhaustive, and additional documents may be required. However, this encompasses the fundamental documents needed for the SSE registration process.*

Document Required	Documents Explanation
Organisational Profile of NPO	1. NGO Darpan Portal ID 2. Details of governing bod 3. History and background 4. Projects Undertaken 5. Target Audience
Registration and Legal Documents	1. NPO Registration Certification 2. Governing Document 3. Income Tax Registration
Financial Reports	1. Last three years financial statements

TABLE 12: Documents Required for SSE

Registration Process on SSE

Step 1: Applying

A. Gather Documents: Collect necessary papers like financial statements, legal certificates, and evidence of meeting the 67% activity rule.[32]

B. Submit Application: Send these documents with a completed form to the SSE, starting the NGO's journey on the platform.[33]

Step 2: Checking and Verification

A. SSE Review: The SSE examines the application and documents to confirm eligibility.

B. Evaluation: Site visits or extra details might be requested by the SSE committee to assess the NGO's impact and operations.

C. Keeping Up: Understand and prepare for ongoing requirements like regular impact updates and financial reports.

Step 3: Approval and Listing

A. Approval: If everything checks out, the SSE approves the NGO's application.

B. Listed: The NGO is then listed on the SSE, allowing access to different fundraising options.

Please Note: *If the registration process is nearing the one-year mark and is not yet complete, proactively communicate with the SSE team to understand next steps and avoid a lapse. Confirm if additional fees will apply if the process exceeds the one-year timeframe.*

Tips and Tricks for SSE Registration

When applying for registration on a Social Stock Exchange (SSE), there are several tips and tricks that can help streamline the process and avoid potential pitfalls. Here are some key points to keep in mind:

1. **Set a Realistic Timeline:** If the SSE specifies that the registration process should be completed within a specific timeline (for example: a year), make sure the submission of the documents and the registration fees is submitted within the specified timeline.
2. **Consider the Cost Implications:** Be aware of the costs involved in the registration process, including registration fees and any potential renewal fees. If the registration process lapses beyond a certain period (for example: a year), another round of fees will be required.
3. **Governance and Compliance:** Ensure that the organisation's governance structure and policies are robust and comply with SSE standards. This includes having a transparent board structure, ethical guidelines, and compliance mechanisms.

32 Documents required for preparing for the application process is expanded in the Documents Required section.
33 Scan the QR Code to view the registration page.

Image by Freepik

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PART 3

Toolkit Annexures

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This report was commissioned under the Knowledge2Action Small Grant by Swissnex India. It has benefitted from inputs of civil society actors and networks through consultations on the current financial landscape, their source of information on climate finance, barriers/challenges and current opportunities they foresee in financing their climate action.

The Knowledge2Action Toolkit aims at de-jargonising climate finance for the local CSOs in India. Meant to be a practical guide, this Toolkit is segmented into three parts. Part 1 covers International Sources of Financing a Climate Project, Part 2 focuses on Domestic Sources of Financing a Climate Project and Part 3 details the finance tools available to support climate project funding.

Primary Audience: CSOs at the National, Sub-National and Local Level

Secondary Audience: Aggregators, think-tanks, academic institutions and other entities providing training, networking and ecosystem support to CSOs working on climate adaptation, mitigation, loss and damage etc.

For more information, write to us at policy@devalt.org

Images Note: The images in this toolkit are the property of Development Alternatives (DA). Some images not owned by DA have been included, with appropriate acknowledgments provided. The images featured are aligned with climate finance, highlighting initiatives related to climate change, resource efficiency, ecosystem restoration, and livelihood security.

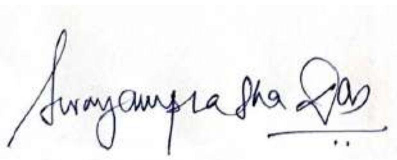
Foreword

India is one of the most climate-vulnerable countries in the world, ranked 5th in terms of vulnerability to climate change. The nation faces immense risks to its environment and people, with the financial toll being equally severe—an estimated US$ 9–10 billion annually due to the adverse effects of climate change, affecting agriculture, infrastructure, and overall economic growth. In this context, acknowledging and making provisions for the colossal financial resources required to support initiatives that facilitate climate mitigation and adaptation in India is paramount – putting the spotlight on climate finance.

Despite global efforts to mobilize significant financial resources, Civil Society Organizations (CSOs) face numerous barriers in accessing these funds. These barriers include gaps in information about available climate financing options, limited capacity to identify suitable funding sources, difficulties in navigating complex application processes, a lack of understanding of what qualifies as a climate-positive project, and an insufficient grasp of climate taxonomies.

This toolkit has been designed to address these challenges by bridging the information gap and equipping CSOs at local, sub-national, and national levels with the knowledge and tools needed to navigate both international and domestic climate finance sources. By demystifying and simplifying the complex landscape of climate finance, this toolkit empowers CSOs to access funding more effectively, enabling them to implement high-impact projects that drive sustainable development.

I would like to express my appreciation to the team at Technology and Action for Rural Advancement (TARA) for coming up with this Toolkit on Easing Access to Climate Finance for Local CSOs in India. This toolkit marks the beginning of a transformative journey, and I look forward to seeing its broad impact. Hoping that this initiative reaches communities and organisations with climate finance opportunities, and builds partnerships and collaborations going forward.



Dr. Swayam Prabha Das
AVP and Lead - Policy Research and Planning
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1. Glossary for Climate Taxonomies

Below are commonly used climate terms essential for proposal development. The terms are categorized for easier understanding:

Note that this list is not exhaustive.

Category	Term	Definition	Examples
Climate Finance	Blue Credits	Blue credits are a type of environmental credit that supports the conservation and restoration of marine and coastal ecosystems, such as mangroves, seagrasses, and coral reefs. They can be traded in markets and are used to fund projects that enhance biodiversity, protect coastal communities, and mitigate climate change by preserving or restoring these vital ecosystems.	A coastal community in Indonesia participates in a blue credits program by restoring its degraded mangrove forests. For every hectare of mangroves restored, the community earns blue credits. These credits can be sold to companies or organizations looking to offset their environmental impact. The funds generated from selling blue credits are used to further support local conservation efforts and improve the community's resilience against climate change and coastal erosion.
	Climate Bonds	Climate bonds are bonds issued to raise funds for projects and activities that contribute to climate change mitigation or adaptation. These projects can include renewable energy, energy efficiency, sustainable agriculture, and clean transportation.	Imagine a city wants to build a wind farm to reduce its carbon emissions. To raise money, they issue climate bonds. Investors buy these bonds, and the city uses the money to build the wind farm. The investors earn interest on the bonds, and the wind farm helps the city reduce its impact on climate change.
	Carbon Credits	Carbon credits are certificates that give the right to emit one ton of carbon dioxide or equivalent greenhouse gases. They are traded in a market to help reduce emissions. Companies or countries can buy carbon credits to offset/balance their own emissions or sell them to others who need to meet emission reduction targets.	
	Domestic Financing Sources	Domestic financing sources, in the context of India, encompass funding from within the country's borders, including both government and private financing.	
	Government Financing	Government financing is when the government provides money for projects, services, or programs.	
	Philanthropic Organisation	A philanthropic organization is a group or institution that donates money, time, or resources to help others, usually for social or humanitarian purposes. They work to improve the well-being of people and communities by funding projects, providing grants, or supporting causes such as education, health care, environmental conservation, and social justice.	
	Private Sector Financing	Private sector financing refers to the process where businesses, corporations, or individuals provide funds or capital to support activities, projects, or enterprises. This type of financing comes from private sources rather than from government or public entities. Examples: Reliance Industries Ltd, Tata Group, Infosys Technological Ltd.	
	Risk Mitigation	Risk mitigation means taking steps to reduce the negative effects of potential risks or uncertainties. It involves identifying, assessing, and prioritizing risks, and then implementing strategies to minimize their impact or likelihood of occurrence.	

Category	Term	Term	Definition
Climate Policy & Agreements	Climate Action	Climate action refers to efforts and steps taken to address climate change and its impacts. It includes actions to reduce greenhouse gas emissions, increase resilience to climate impacts, and promote sustainable practices.	Countries may commit to using more renewable energy sources like wind and solar power instead of coal and oil. They might also plant more trees to absorb carbon dioxide or encourage people to use public transportation to reduce emissions from cars. These actions help fight climate change by reducing greenhouse gases in the atmosphere.
	Climate Crisis	The climate crisis refers to the urgent and severe changes in Earth's climate patterns due to human activities, primarily the emission of greenhouse gases. It leads to global warming, rising sea levels, extreme weather events, and other environmental challenges that threaten ecosystems, communities, and economies worldwide.	When glaciers melt quickly, sea levels rise, causing floods in coastal cities. This crisis threatens wildlife, people's homes, and food supplies.
	Global Stocktake	According to the Paris Agreement, countries must regularly review their efforts to see how well they're progressing toward its goals. This helps them understand where they're succeeding and where more work is needed to meet the agreement's aims.	In India, the Global Stocktake checks how well the country is meeting its climate goals. While India has improved in renewable energy, it needs to reduce emissions from transport and industry. This helps India and the world see where more effort is needed.
	Loss and Damage Fund	At the 2022 UN Climate Change Conference (COP27) in Egypt, countries agreed to establish a fund to help low-income developing nations recover from natural disasters caused by climate change. This "Loss and Damage Fund" will provide essential support to vulnerable countries facing severe climate impacts.	
	National Adaptation Plans (NAPs)	National Adaptation Plans (NAPs) are strategies created by countries to prepare for and address the impacts of climate change. These plans outline how to protect communities and natural resources from changing weather patterns.	A coastal country might create a NAP to build seawalls and improve drainage systems to protect against rising sea levels and more frequent storms. This plan would include steps to safeguard homes, businesses, and natural habitats from flooding.
	National Determined Contributions (NDCs)	Nationally determined contributions (NDCs) are central to the Paris Agreement's goals, representing each country's efforts to cut emissions and adapt to climate change impacts. The agreement requires each party to prepare, communicate, and update these contributions, aiming to meet their targets through domestic measures.	An example of a Nationally Determined Contribution (NDC) could be a country committing to reduce its greenhouse gas emissions by 30% by 2030 compared to a baseline year, and to increase its renewable energy capacity to 50% of total energy production by the same year.
	Nationally Appropriate Mitigation Actions (NAMAs)	Nationally Appropriate Mitigation Actions (NAMAs) are actions that developing countries take to reduce their greenhouse gas emissions while considering their specific development priorities and circumstances.	

Category	Term	Definition	Example
Climate Science	Carbon Footprint	A carbon footprint is the total amount of greenhouse gases, especially carbon dioxide, that are produced by human activities, it measures the impact these activities have on the environment in terms of the amount of carbon dioxide emitted.	A carbon footprint is used to understand how much an individual can contribute to pollution and climate change. For example, if one drives a car, uses electricity, and buys products, each of these actions produces carbon dioxide. If one drives a lot, their carbon footprint from driving is high. By switching to biking or using solar power at home, they can reduce their carbon footprint. It is a way to measure how daily activities impact the environment
	Carbon Neutral	Carbon neutral means having a net zero carbon footprint. This is achieved by balancing the amount of carbon dioxide emitted with an equivalent amount of carbon dioxide removed from the atmosphere or offset elsewhere. This can be achieved by reducing emissions and investing in activities that absorb carbon dioxide, such as planting trees or using renewable energy sources. Being carbon neutral means having a net zero carbon footprint.	For example, a company may produce carbon emissions from its operations. To become carbon neutral, the company could invest in projects that reduce carbon emissions elsewhere, such as funding the planting of trees that absorb carbon dioxide. By doing so, the company offsets its emissions, achieving carbon neutrality.
	Carbon Offset	A carbon offset is a way to balance out the carbon dioxide produced by funding projects that reduce or remove the same amount of carbon dioxide from the atmosphere.	If someone takes a flight, they can buy a carbon offset that pays for planting trees or building wind farms to compensate for the emissions from their flight.
	Carbon Sequestration	Carbon sequestration is the process of capturing and storing carbon dioxide from the atmosphere. This can be done naturally, like planting trees that absorb CO_2, or using technology to trap and store it underground. It's a way to help reduce the amount of carbon dioxide in the air and combat climate change.	When trees grow, they take in CO_2 from the air and store it in their trunks, branches, and leaves. This is natural carbon sequestration. Another way is using technology to capture CO_2 emissions from factories and power plants and store it deep underground. This helps reduce the amount of CO_2 in the air, which is good for the environment.
	Civil Society 20 (C-20)	The C-20 is a forum of CSOs from around the world that engages with the G-20 process. It provides a platform for CSOs to contribute perspectives and recommendations on various global issues, including economic development, social justice, climate change, and governance. The C-20 aims to ensure that civil society voices are heard in G-20 discussions and decisions.	
	Decarboization	Decarbonization is the process of reducing carbon dioxide (CO_2) emissions, especially from human activities such as burning fossil fuels. It involves transitioning to cleaner energy sources like solar and wind power and improving energy efficiency to mitigate climate change.	A country may decide to shift from coal-fired power plants to solar and wind energy. This transition reduces the amount of CO_2 emitted into the atmosphere, contributing to decarbonization. Additionally, improving energy efficiency in buildings and industries helps further decrease emissions.

Category	Term	Definition	Example
Climate Science	Gender	Refers to how societies and particular cultures assign roles and attribute traits to men and women based on their biological sex.	In some cultures, it may be traditionally expected for men to be the primary breadwinners and hold leadership positions, while women are expected to take care of the household and children. These gender roles can vary widely between societies and can change over time as societies evolve and adapt.
	Global Warming	Global warming is the increase in Earth's average temperature due to the buildup of greenhouse gases like carbon dioxide from human activities, leading to climate change.	Driving cars and using coal for electricity release these gases, causing the planet to heat up and leading to problems like melting glaciers and more extreme weather.
	Greenwashing	Greenwashing is when a company falsely claims to be environmentally friendly to attract consumers, without making any real efforts to protect the environment.	
	Group of Twenty (G-20)	The G-20 is an international forum for governments and central bank governors from 19 countries and the European Union. It was established in 1999 to discuss and coordinate policies related to global financial stability and sustainable development. The members include both developed and developing countries, representing major economies around the world.	
	Heat Waves	Heat waves are extended periods of unusually high temperatures that are hotter than the normal range for a particular area.	
	Intergovernmental Panel on Climate Change (IPCC)	The Intergovernmental Panel on Climate Change (IPCC) is a global scientific body established by the United Nations to provide policymakers with regular assessments of the scientific basis of climate change, its impacts, and future risks, as well as options for adaptation and mitigation.	
	Just-Transition	A just transition aims to make sure everyone benefits from moving to a green economy, while also helping those who might lose out, such as certain countries, regions, industries, communities, workers, or consumers.	An example of a just transition is the shift from coal mining to renewable energy jobs. In this scenario, coal workers are provided with training and support to find new employment in the solar or wind energy sectors, ensuring they do not suffer financially as the economy becomes greener.
	Net-Zero	Net-Zero refers to achieving a balance between the greenhouse gases emitted into the atmosphere and those removed from it, ideally resulting in no net increase in emissions.	A company aiming for net-zero emissions might reduce its carbon emissions from operations and then offset the remaining emissions by investing in reforestation projects that sequester an equivalent amount of carbon dioxide.
	Ozone Layer	The ozone layer is a region of Earth's stratosphere (upper atmosphere) that contains a high concentration of ozone molecules, which absorbs most of the sun's harmful ultraviolet (UV) radiation before it reaches the surface. Nowadays, there is reduction in the thickness or concentration of ozone molecules in the stratosphere, primarily caused by human-made chemicals like chlorofluorocarbons (CFCs) and halons.	
	REDD+	REDD+ (Reducing Emissions from Deforestation and Forest Degradation) is a framework developed by the United Nations to incentivize countries to reduce greenhouse gas emissions from deforestation and forest degradation, while also promoting conservation, sustainable management of forests, and enhancement of forest carbon stocks.	
	Sustainable Development	Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.	
	Weather	Weather refers to the atmospheric conditions such as temperature, precipitation, wind, and humidity that occur at a specific place and time.	

Category	Term	Definition	Example
Ecosystems & Biodiversity	Afforestation	The act or process of creating a forest, particularly on land that was not previously covered by trees.	Converting a large area of grassland into a forest by planting trees
	Reforestation	Reforestation involves restoring forests that have been either cut down or lost due to natural causes like fire or storms.	Replanting trees in an area that was previously deforested by a wildfire
	Deforestation	Deforestation refers to the deliberate clearing of land covered by forests.	Clearing a forested area for the purpose of urbanization, or other development.
	Nature-Based Solutions (NbS)	Nature-Based Solutions (NbS) involve using natural processes sustainably to address social and environmental challenges, such as climate change mitigation and adaptation, water security, and reducing disaster risks.	An example of NbS is restoring and protecting coastal mangrove forests to reduce coastal erosion, mitigate climate change through carbon sequestration, and provide habitat for biodiversity.
	Reduce, Reuse, Recycle	Reduce, Reuse, Recycle (often abbreviated as 3Rs) are principles aimed at minimizing waste and promoting sustainability: Reduce the amount of waste generated by using less and being more efficient. Reuse products and materials whenever possible to extend their life cycle. Recycle materials that cannot be reused into new products to reduce the consumption of raw materials and energy.	Reduce: Using a reusable water bottle instead of buying single-use plastic bottles. Reuse: Donating old clothes to charity or repurposing glass jars as storage containers. Recycle: Separating paper, plastic, and metal waste for collection and processing into new products.
	Regenerative Agriculture	Regenerative Agriculture is a farming approach that aims to improve soil health, enhance biodiversity, and sequester carbon by using practices such as cover cropping, crop rotation, etc.	A farmer practices regenerative agriculture by using cover crops, rotating crops, and integrating livestock grazing. This helps improve soil fertility, retain water, and reduce the need for synthetic fertilizers and pesticides, promoting long-term sustainability.
	Water Security	Water security refers to the reliable availability of an acceptable quantity and quality of water for health, livelihoods, ecosystems, and production.	

Category	Term	Definition	Example
Green Economy & Jobs	Blue Economy	The Blue Economy refers to the sustainable use of ocean resources for economic growth, improved livelihoods, and jobs, while preserving the health of ocean ecosystems. It includes industries like fishing, tourism, renewable energy, and marine biotechnology.	Imagine a coastal town where people fish, welcome tourists, and use wind for energy. They fish in a way that doesn't harm the ocean, attract tourists who care about nature, and use windmills in the sea for power. This helps the town make money while keeping the ocean clean and healthy. This is what the Blue Economy is about.
	Green Economy	A green economy is an economy that aims for sustainable development without degrading the environment. It focuses on reducing carbon emissions, using resources efficiently, and promoting jobs and growth in green industries like renewable energy and conservation.	A city investing in solar panels and wind turbines creates jobs in renewable energy and reduces pollution, promoting sustainable development.
	Green Jobs	Green jobs are work positions that contribute to preserving or restoring the environment. They include roles in renewable energy, energy efficiency, waste management, and sustainable agriculture.	A solar panel installer is a green job because it involves setting up renewable energy systems that reduce reliance on fossil fuels and lower carbon emissions.
	Green Bonds	Green bonds are similar to climate bonds but have a broader scope. They are bonds issued to finance projects that have environmental benefits, including climate change mitigation, adaptation, biodiversity conservation, and pollution control.	A country issues green bonds to raise funds for multiple projects. These projects include building solar panels on schools, improving public transportation to reduce emissions, and planting trees to preserve forests. Investors buy the green bonds, and the country uses the money to fund these environmental projects. The bonds help improve the environment while investors earn returns on their investment.
	Low-Carbon Economy	A low-carbon economy is an economic system that minimizes carbon dioxide emissions by using renewable energy sources, increasing energy efficiency, and reducing reliance on fossil fuels.	A city transitioning from coal power plants to wind and solar energy reduces its carbon footprint, leading to cleaner air and a healthier environment.
	Circular Economy	A circular economy is an economic system designed to minimize waste and make the most of resources. In a circular economy, products, materials, and resources are kept in use for as long as possible, through reuse, recycling, and regeneration. This approach aims to reduce environmental impact and create sustainable value.	

Category	Term	Definition	Example
Project Management	Capacity Building	Capacity building in terms of climate and sustainable finance means providing training, resources, and support to individuals, organizations, and communities so they can effectively address climate change and manage sustainable financial practices. This includes teaching skills, improving knowledge, and enhancing capabilities to implement and manage projects that promote environmental sustainability and financial resilience.	
	Programmatic Development	Programmatic development involves planning and creating programs to achieve specific goals. It includes identifying opportunities, designing projects, managing resources, and coordinating activities to ensure the successful implementation of these programs.	
	Stakeholder Engagement	Stakeholder engagement is the process of involving and communicating with people or groups who are affected by or can influence a project or decision. It includes gathering their input, addressing their concerns, and keeping them informed to ensure their support and participation.	

Category	Term	Definition	Example
Renewable Energy & Alternatives	Alternative Energy	A power that comes from sources that are re-usable and not harmful to the environment.	Alternative energy comes from the sun, wind, or water. For example, solar panels on a roof catch sunlight and turn it into electricity, which is a clean and endless energy source.
	Biofuels	Biofuels are made from Biomass. They are specifically designed to be used in place of fossil fuels like gasoline or diesel. They are better for the environment because they do not pollute the air as much as regular fuels do.	An example of biofuel is Ethanol, which is made from corn or sugarcane. They can help to power vehicles, heat homes or generate electricity.
	Biomass	Biomass refers to organic materials, such as plants, crops, and organic waste, that can be used as a source of energy. Biomass can be used directly to produce heat or electricity.	Biomass is used to generate electricity by burning wood pellets in a biomass power plant. This process releases heat that is used to produce steam, which drives a turbine generator to generate electricity.
	Renewable Energy	Renewable energy is energy generated from natural sources that are constantly replenished, such as sunlight, wind, rain, tides, and geothermal heat. It is a sustainable alternative to fossil fuels, helping to reduce greenhouse gas emissions and combat climate change.	

2. Registering for NGO-Darpan

The NGO-DARPAN is a platform that facilitates interaction between Non-Government Organisations (NGOs)/ Voluntary Organisations (VOs)/ Civil Society Organisations (CSOs) and key government ministries, departments, and bodies. Offered for free by NITI Aayog in partnership with the National Informatics Centre, it aims to – enhance transparency, efficiency, and accountability in the partnership between the government and the voluntary sector. Originally an initiative of the Prime Minister's Office, NGO-DARPAN is now managed by NITI Aayog. There are currently, 43 sectors defined under the NGO-DARPAN.

Scan the QR Code to view the NGO-DARPAN website.

WHAT DOES NGO-DARPAN DO?

NGO-DARPAN is a centralized portal that enables NGOs, VOs and CSOs to register and creates a comprehensive information repository by sector and state. This registration allows the entities to:

1. Apply for grants under the Government's Grants-in-Aid Schemes.
2. Become a registered NGO/CSO/VO eligible to receive other funds. For example:
    - The Social Stock Exchange (SSE) requires NGO DARPAN registration for listing on the SSE.
    - Along with this, to even register for the Foreign Contribution Regulation Act (FCRA), the Prevention of Money Laundering Amendment Rules and Income Tax Act for tax exemptions also requires NGO DARPAN registration.

Post completing the registration, the organisation obtains a Unique ID which allows them to register for the above-mentioned listings.

Documents Required for NGO DARPAN Registration

The documents required are as follows:

Document Category	Documents
About the NGOs/VOs	1. Name 2. Address Proof 3. PAN Number 4. Registration Certificate 5. NGOs/VOs Members Profile 6. Working or service areas
Financial Documents	Source of Funds[1]

TABLE 1: Documents Required for NGO DARPAN Registration

1 Includes details of grants and/or donations received in the past 5 years.

NGO-DARPAN registration Procedure for NGOs and VOs

1. The signup procedure for NGOs/VOs in the NGO-Darpan portal is as follows:
   - Provide the NGOs/VOs name in the registration portal.
   - Enter the organisation email address and an OTP will be sent for confirmation to confirm the email- ID.
   - Enter the organisation's mobile number and an OTP will be sent for confirmation to confirm the mobile ID.
   - Enter the OTP security code onto the registration portal.
   - Post confirmation, the NGOs/ VOs to enter their PAN Number.
   - Another OTP will be sent for confirmation and a password creation would be required to sign-up for the poral.
   - Now, the organisation can sign-in to the portal via their credentials.

   Please Note: *The organisations will have to pay a fee of ₹999 to register on the NGO-DARPAN portal.*

2. The registration procedure for NGOs/VOs in the NGO-DARPAN portal is as follows:
   - Post signing up into the portal, the initial step is to upload the organisational documents in the portal.
   - When the details are filled out by the organisation applicant, the details are then verified by the NGO-DARPAN department. If found correct, the department issues a Unique Identification Number (UIN), which is also called the DARPAN ID.

In conclusion, registering with NGO-DARPAN is essential for Indian NGOs and VOs. It not only grants official recognition and credibility but also provides access to government funding, networking opportunities, and tax benefits. Furthermore, NGO-DARPAN promotes transparency and accountability, ensuring NGOs adhere to their charitable missions while maintaining high governance standards.

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Networks and Partnerships

Networks and partnerships refer to the connections and collaborations between organizations, groups, and individuals that work together towards common goals. In the context of CSOs and NGOs, these relationships enable sharing of resources, knowledge, and expertise, fostering cooperation and collective impact on social and environmental issues.

Advantages of Networks and Partnerships

The advantages of networks and partnerships for CSOs, NGOs are:

1. **Resource Sharing:** Networks and partnerships enable CSOs and NGOs to share resources, such as funding, expertise, and technology, which can enhance their capacity and effectiveness.
2. **Increased Impact:** Collaborative efforts amplify the impact of projects and initiatives, allowing organizations to achieve more significant results than they could independently.
3. **Knowledge Exchange:** Partnerships facilitate the exchange of knowledge, best practices, and innovative solutions, helping organizations improve their strategies and operations.
4. **Advocacy and Influence:** United efforts in networks can strengthen advocacy campaigns, giving CSOs and NGOs a stronger voice and greater influence in policy-making and social change.
5. **Enhanced Proposal Writing:** Collaborating in networks provides access to diverse perspectives and expertise, improving the quality and success rate of project proposals and Project Proposal Documents (PPDs). Enhanced Proposal Writing: Collaborating in networks provides access to diverse perspectives and expertise, improving the quality and success rate of project proposals and Project Proposal Documents (PPDs).

List of Networks and Partnerships

Below is a table that lists some of the networks that CSOs/NGOs interested in climate funding can benefit from:

Network	Description
Green Hub	Green Hub was established in 2016 and is based in Tezpur, Assam, India. It is a platform that supports environmental and conservation initiatives through funding, resources, and knowledge exchange.
Fair Climate Network (FCN)	FCN is an initiative under the Fair Climate Fund (FCF), established to support fair and equitable climate projects. FCF operates through partnerships and collaborations globally to support these projects and has its head office in Bangalore. FCN focuses on providing financial resources to initiatives that benefit marginalized communities and promote social justice in the context of climate change.
Indian Network on Ethics and Climate Change (INECC)	INECC was established in 2011 and has its head office in Delhi. It is a network of individuals and organizations in India advocating for ethical climate action.
Indian Climate Collaborative (ICC)	ICC was established in 2019 and has its office in Mumbai, Maharashtra. It is a collective of Indian philanthropies working to accelerate climate action through funding and collaboration.
Centre for Environment Education (CEE)	CCE in India was established in August 1984 as a Centre of Excellence supported by the Ministry of Environment and Forests. It promotes environmental education and sustainable development through various projects and partnerships.
Climate Action Network South Asia (CANSA)	Established in Dhaka, Bangladesh, it is a global network of NGOs working to promote government and individual action to limit climate change.

TABLE 2: **Partnerships and Networks List**


वाड़ी कार्यक्रम
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Development Alternatives
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3. Toolkit Glossary

Below are the definitions of the terms used in the Toolkit:

Categories	Term	Definition
Climate Finance	Climate Finance	Climate finance involves funding from local, national, or international sources—whether public, private, or alternative—that aims to support efforts to mitigate and adapt to climate change.
	Innovative Financing Mechanisms	Innovative financing mechanisms are new and creative ways to raise money for projects or initiatives, often combining different sources of funding to achieve goals that traditional methods might not cover. For example: In Blended Finance, public funds (like government money) are combined with private investments to support projects that will help the society as well as the environment. This combination reduces the risk for private investors, encouraging them to contribute more funds to important projects.
	Kyoto Protocol	The Kyoto Protocol is an international treaty that requires participating countries (Annex I/II and Non-Annex Countries) to reduce their greenhouse gas emissions to fight climate change. It also sets binding targets for industrialized nations to lower their emissions over a specific period.
	Paris Agreement	The Paris Agreement is an international treaty adopted in 2015 under the United Nations Framework Convention on Climate Change (UNFCCC). Its goal is to limit global warming to well below 2 degrees Celsius above pre-industrial levels, with efforts to limit the temperature increase even further to 1.5 degree Celsius.
	Public Sources	Refer to funding or resources provided by government bodies, international organizations, or publicly funded institutions to support various initiatives, including those in the climate sector.
	Private Sources	Private sources refer to non-governmental entities that provide funding or resources. In the climate sector, these sources often include corporations, private investors, philanthropic foundations, and non-profit organizations. For example: Loans, Investments, etc.
	World Bank Group	An international organization that provides financial and technical assistance to developing countries. These institutions work together to support development projects worldwide. It includes five institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

Categories	Term	Definition
Climate Science	Climate	Climate refers to the average weather conditions over a long period of time in a particular place.
	Climate Adaptation	Climate adaptation means changing how to do things to lessen harm or take advantage of climate change. It involves creating and using solutions to deal with climate change now and in the future. For example: Climate adaptation is like planting drought-resistant crops (Such as- Millet) in areas that are getting less rain due to climate change. This helps farmers continue to grow food even when the weather changes.
	Climate Change	Climate change refers to prolonged alterations in temperatures and weather patterns, which can stem from natural causes such as changes in solar activity or significant volcanic eruptions. However, since the 1800s, human activities, particularly the burning of fossil fuels such as coal, oil, and gas, have become the predominant factor driving climate change.
	Carbon Market	The carbon market is like a store where companies can buy and sell points for not polluting the air. There are two types of Cabon Markets - Voluntary Carbon Market and Compliance Carbon Market.
	Climate Mitigation	Mitigating climate change means lowering the amount of heat-trapping greenhouse gases (Such as - Carbon Dioxide) released into the atmosphere by reducing emissions from key sources like power plants, factories, vehicles, and farms. For example: Switching from coal-powered electricity to solar panels helps decrease the amount of carbon dioxide released into the air, thus reducing the overall impact on the climate.
	Climate Resilience	Climate resilience is the capability to foresee, prepare for, and react to dangerous climate-related events, patterns, or disruptions.
	Climate Vulnerability	Climate vulnerability refers to how susceptible a place or group of people is to the harmful effects of climate change, such as extreme weather, rising sea levels, and food shortages.
	Conference of Parties (COP)	The COP is the main decision-making group of the United Nations Framework on Climate Change Convention. All countries that are Parties to the Convention attend the COP to review how it's being carried out, adopt legal rules, and make decisions needed to make the Convention work well. COP29 is scheduled to be held in 2024 in the city of Baku, Azerbaijan. The previous COP, COP28, was held in 2023 in the city of Dubai, United Arab Emirates.
	Emissions	Emissions refer to the release of gases or particles into the atmosphere, often from human activities such as burning fossil fuels or industrial processes.
	Equality	Equality means that every individual has the same rights, opportunities, and treatment, regardless of their gender, caste or sex.
	Greenhouse Effect	The greenhouse effect is when certain Green House Gases (GHGs) like Carbon Dioxide, Mthane, etc. in the Earth's atmosphere trap heat from the sun, making the planet warmer, making a blanket around the Earth.
	Hydro-Met Disasters	Natural disasters caused by water and weather, such as floods, hurricanes, and droughts.
	Intergovernmental Panel on Climate Change (IPCC)	The Intergovernmental Panel on Climate Change (IPCC) is a global scientific body established by the United Nations to provide policymakers with regular assessments of the scientific basis of climate change, its impacts, and future risks, as well as options for adaptation and mitigation.
	Low Carbon	Producing less carbon dioxide (CO_2) or other greenhouse gases. It refers to activities, products, or processes that generate less pollution and help fight climate change.
	Metric Tonne	A metric tonne is a unit of weight that is equal to 1,000 kilograms. It's commonly used around the world to measure large quantities, like the amount of material in a shipment or the weight of a vehicle.

Climate Science	Sustainable Development Goals (SDGs)	The Sustainable Development Goals (SDGs) are a set of global goals adopted by the United Nations in 2015. They aim to address key global challenges, including poverty, inequality, climate change, environmental degradation, peace, and justice. The SDGs consist of 17 goals and 169 targets to be achieved by 2030, focusing on improving the lives of people and the planet.
	UNFCCC and its Mechanisms	UNFCCC is an international treaty adopted in 1992 with the objective of stabilizing greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous human interference with the climate system. The mechanisms of UNFCCC include COP, Kyoto Protocol, Paris Agreement, GCF,etc.
	Zero Emissions	Zero emissions means not releasing any harmful gases or pollutants into the environment. It refers to the goal of reducing carbon dioxide and other greenhouse gases emitted into the atmosphere to zero, typically by using renewable energy sources and other sustainable practices.

Categories	Term	Definition
Countries & Regions	Annex I Countries	Annex I countries are industrialized nations and/or economies in transition that are part of the United Nations Framework Convention on Climate Change (UNFCCC). They have legal obligations to reduce their carbon emissions. For example: The European Union, Switzerland, United States (signed but not ratified).
	Annex II Countries	A sub-group of Annex I Countries that are particularly wealthy and industrialized and are eligible for financial and technological support from Annex I Countries to assist transition to a greener economy. For example: European Union Member States, Japan
	Non-Annex I Countries	They are countries, primarily developing nations, that are part of the United Nations Framework Convention on Climate Change (UNFCCC) but do not have binding targets for reducing greenhouse gas emissions. These countries are encouraged to pursue sustainable development and take action on climate change, but they do not have the same legal obligations as Annex I countries. Examples include Brazil, India, and China.
	Developed Country	A developed country is a nation with an industrialized economy and advanced technological infrastructure relative to other nations. For Example: The United States, United Kingdom, China
	Developing Country	A developing country is a nation with a lower standard of living, less industrialization, and lower Human Development Index (HDI) compared to other developed countries. For Example: India, Nigeria, Pakistan
	Least Developed Country	Least Developed Countries (LDCs) are countries that exhibit the lowest indicators of socioeconomic development, with low income, weak human assets, and high economic vulnerability. They receive special international support to improve their development prospects. For Example: Ethiopia, Haiti, and Nepal.
	Small Island Developing States (SIDS)	Small Island Developing States (SIDS) are countries that are islands or groups of islands with small populations and limited resources. They face unique challenges due to their small size, isolation, and vulnerability to external economic and environmental shocks. SIDS are often characterized by their dependence on a narrow range of industries such as tourism, fisheries, or agriculture. For example: Countries in the Caribbean, Pacific, and Indian Ocean regions.
	Under-Developed Countries	Underdeveloped countries, also known as least developed countries (LDCs), are nations that face significant challenges in terms of economic development, infrastructure, healthcare, education, and living standards. They often have low-income levels, high poverty rates, limited access to basic services, and generally lag behind in industrialization and technology. These countries typically require external assistance and support to achieve sustainable development and improve the well-being of their populations.

Categories	Term	Definition
Ecosystems & Biodiversity	Biodiversity Loss	Biodiversity refers to the variety of life forms on Earth, encompassing different species of plants, animals, and microorganisms. Biodiversity loss on the other hand refers to the reduction in the variety and quantity of living organisms in ecosystems, caused primarily by human activities like habitat destruction, pollution, and climate change.
	Ecosystem	An ecosystem is a geographical area where plants, animals, and other organisms, along with weather and landscapes, interact to create a habitat for life.

Categories	Term	Definition
Institutions & Organisations	Association of Southeast Asia Nations (ASEAN)	ASEAN is a regional organization comprising ten Southeast Asian countries, established in 1967 to promote economic growth, political stability, and cultural development among its members. Its main goal is to enhance cooperation and integration for regional peace and prosperity. For Example: Thailand, Singapore, Vietnam, etc.
	Bilateral Institutions	Bilateral institutions are organizations or agencies that operate between two countries, typically established through agreements or treaties, to promote cooperation, provide financial assistance, and facilitate development projects and initiatives. For Example: Asian Development Bank, World Bank
	Civil Society Organisations	Civil society organizations (CSOs) are groups of people who work together to make their communities or the world a better place. They might focus on helping others, protecting the environment, or promoting fairness and justice. Such as, Charities, advocacy groups, and community organizations.
	Community-Based Organizations	A Community Based Organization (CBO) operates at a local level and aims to promote and improve the well-being of community members.
	Multilateral/ International Entities	International entities are organizations or groups that work across different countries to achieve common goals. Examples include the United Nations (UN) and the Green Climate Fund (GCF), which help promote peace, health, and cooperation worldwide.
	Local Entities	Organizations (CSOs/NGOs/CBOs), businesses, or groups that operate within a specific local area or community.
	National Entities	Organizations, businesses, or groups that operate across an entire country, rather than just in a specific local area.
	North Atlantic Treaty Organization (NATO)	NATO is a military alliance of 31 countries from North America and Europe, established in 1949 to promote mutual defence and security. Its main purpose is to protect member countries through collective defence agreements and to maintain peace and stability in the region. For Example: United States, United Kingdom, Poland, etc.
	South Asian Association for Regional Cooperation (SAARC)	Regional organization of South Asian countries, working on regional cooperation and development, including environmental issues. For Example: India, Pakistan, Sri Lanka, etc.
	Socioenvironmental	Socioenvironmental refers to the relationship between social (human) and environmental factors, focusing on how they interact and affect each other.
	Sub-National Entities	Organizations, governments, or groups that operate within regions or states within a country, rather than at the national or local level. For example: Urbanization and Air Quality - The growth of cities (social) affects air quality (environmental), influencing human health and well-being.
	Private Entities	Private entities are businesses or organizations that are owned and operated by private individuals or groups, rather than by the government or public entities. They exist to make a profit, which is then distributed to owners, shareholders, or stakeholders.

Institutions & Organisations	United Nations	The United Nations (UN) is an international organization founded in 1945 after World War II. It aims to promote peace, security, and cooperation among countries worldwide. The UN works on issues like human rights, social progress, sustainable development, and international law, with member countries working together through its various agencies and programs.
	United Nations General Assembly	The United Nations General Assembly is one of the six principal organs of the United Nations, serving as its main deliberative, policymaking, and representative organ.
	United Nations Secretary General	The United Nations Secretary-General is the head of the United Nations, responsible for leading the organization and representing it in global affairs. They oversee the UN's work and coordinate international efforts to address global issues like peace, security, and development.

Categories	Term	Definition
Project Management	Project Proposal Document (PPD	A Project Proposal Document (PPD) is a written plan that outlines the details of a project. It includes information such as the project's objectives, scope, budget, timeline, and expected outcomes. The document is used to present a project idea, seek approval, and secure funding or resources needed to execute the project successfully.
	Physical Assets	Physical Assets are tangible, valuable possessions owned or controlled by individuals, businesses, or governments. In the context of achieving net-zero emissions, these assets include infrastructure, machinery, equipment, buildings, and other tangible elements contributing to the transformation of industries, energy systems, and sectors to reduce carbon emissions. Examples include renewable energy facilities, energy-efficient buildings, and sustainable transportation infrastructure.

Categories	Term	Definition
Renewable Energy & Alternatives	Alternative Sources	Different or non-traditional places to get funding, information, or resources. For example: Instead of getting money from a bank, one might get it from crowdfunding or through Peer-to-peer (P2P) lending.
	Fossil Fuels	Fossil fuels are fuels formed from the remains of ancient plants and animals. Examples include coal, oil, and natural gas.
	Renewable Energy	Renewable energy is energy that comes from natural sources that are constantly replenished, such as sunlight, wind, rain, tides, and geothermal heat. These sources are sustainable and can be used without depleting the Earth's resources.

4. About the Consultations

From the month of March 2024 till May 2024, 15 consultations were held virtually in the Development Alternatives Delhi Office. These consultations consisted of a diverse group of stakeholders, primarily consisting of CSOs but also including social enterprises, aggregators, fund and program managers. The consultations explored the available international and domestic climate financing sources for CSOs and the funding challenges they face, the crucial dos and don'ts for designing and delivering climate projects, and the sources the stakeholders are eligible for.

About the Map

The map of India below shows the locations of the organisations that were consulted for the toolkit development. There are total 15 points highted on the map.

FIGURE 1: Marked Geographical Locations of the Stakeholders Organisation

A QUICK LOOK AT THE GEOGRAPHIES

In the **North, 3 consultations** were conducted in Haryana (1) and Uttar Pradesh (2)

In the **South, 5 consultations** were conducted in Karnataka (1), Tamil Nadu (2) and Andhra Pradesh (2)

In the **East, 2 consultations** were conducted in West Bengal (1) and Assam (1)

In the **West, 5 consultations** were conducted in Rajasthan (2), Ahmedabad (1) and Maharashtra (2)

Organisation Nature of Work

On the nature of the CSOs and social enterprises consulted, the following table outlines their areas of work and the geographical regions they operate in.

Please Note: *Please note that there are a total of 16 organizations listed in this table, as one organization operates remotely across India. This organization's consultation was included among the 15 consultations conducted.*

Areas of Focus	Organisation Geography	Total No. of Organisations
Sustainable Energy Solutions & Climate Literacy	Rajasthan ***(1)***, Maharashtra ***(1)***, Andhra Pradesh ***(2),*** Remote Organisation ***(1),*** Tamil Nadu ***(1)***	6
Community-Based Conservation & Livelihood Development	Assam ***(1)***, Gujrat ***(1)***, Karnataka ***(1)***, Rajasthan ***(1)***, Uttar Pradesh ***(1)***	5
Rural Development & Education	Haryana ***(1)***, Maharashtra ***(1),*** Tamil Nadu ***(1)***	2
Environmental Management & Sustainable Agriculture	Uttar Pradesh ***(1)***, West Bengal ***(1)***	2
Total Organisations		**16**

TABLE 3: **Consultation Breakdown**

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