

COOK ISLANDS GCF HANDBOOK

A PRACTICAL GUIDE TO THE GREEN CLIMATE FUND (GCF) PROCESSES AND PROCEDURES



Formulation of the Cook Islands GCF Handbook was funded by the Green Climate Fund (GCF) Readiness Programme.

The Readiness Programme aims to support the Cook Islands in strengthening its national capacities to effectively plan for, access, manage and deploy and monitor climate change financing, through GCF.

This Handbook provides a simplified and practical guidelines to those organisations seeking to learn about the GCF, its modalities and procedures in the Cook Islands context.

Finally, the Handbook is prepared as a public document, to be used by any interested organisation, agency, or group that is interested in accessing the GCF's resources. Importantly, the Handbook also highlights how the GCF's national focal point will assess and respond to ideas. Concepts, and proposals as they are prepared for accessing finances under the GCF.

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TERMINOLOGY

TERM	MEANING
GCF ACCESS MODALITIES	Channels/routes developed by the GCF to enable Accredited entities access GCF resources directly.
ACCREDITATION	All entities seeking to access GCF resources must be accredited by the GCF Board. This involves a rigorous 3 stage process where entities submit documents to GCF demonstrating their capacities, competencies, and track records in having and undertaking financial environmental and social risk mitigation measures required by GCF, for the level they are applying for.
CLIMATE CHANGE	Change in the climate system which is caused by significant changes in the concentration of greenhouse gases because of human activities and which is in additional to natural climate change that has been observed during a considerable period.
CLIMATE CHANGE RESILIENCE	Capability to maintain competent function and return to some normal range of function even when faced with adverse impact of climate change.
CLIMATE FINANCE	Money available for or mobilised by government or non-government entities to finance climate change mitigation and adaptation actions and interventions.
CLIMATE FINANCE READINESS	Capacities of countries to plan for, access, deliver, and monitor and report on climate finance, both international and domestic, in ways that are catalytic and fully integrated with national development priorities and achievement of the SAMOA Pathway and the SDGs.
FIT FOR PURPOSE ACCREDITATION	The fit for purpose approach for accreditation process classifies applicant entities according to the scale, nature and risks of proposed activities.
GCF INVESTMENT FRAMEWORK	A procedure or criteria used by the GCF for evaluating and selecting proposals for funding. This criteria has six elements that each applicant must ensure that they adequately meet. These elements are impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership and efficiency and effectiveness.
ADAPTATION	In the context of climate change, adaptation refers to interventions that aim to build capabilities to adapt to the impacts of climate change.
MITIGATION	In the context of climate change, mitigation refers to interventions that aim to reduce emissions from Green House Gases and or enhance carbon sinks.

1. THE GREEN CLIMATE FUND

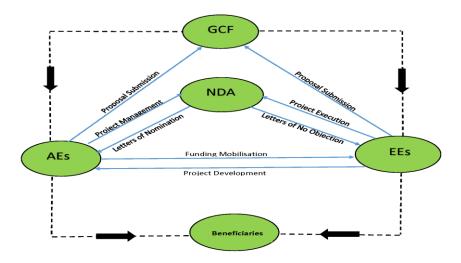
1.1 What is the Green Climate Fund?

The Green Climate Fund (hereafter referred to as the GCF) was established in 2010 by the Parties to the United Nations Convention on Climate Change (UNFCCC).

1.2 Who are the main actors in GCF and how do they relate?

In order to realise its mandate, the GCF has established several actors to implement the funding process. Each actor has its own role to perform during project development and implementation. The actors are the National Designated Authority (NDA), the Accredited Entities (AEs) and Executing Entities (EEs).

The figure below shows how the three relate:



1.3 What is the role of Climate Change Cook Islands (CCCI) Division of the Office of the Prime Minister as the NDA?

The NDA is the national focal point, and serves as the main point of communication with the GCF to *"ensure that the activities supported by the Fund align with strategic national objectives and priorities, and help advance ambitious action on adaptation and mitigation in line with national needs"*. The Climate Change Cook Islands (CCCI) Division of the Office of the Prime Minister is our country's National Designated Authority. The following are the functions of the CCCI as the Cook Islands NDA. The NDA procedure is further explained in Section 5 of this Handbook.

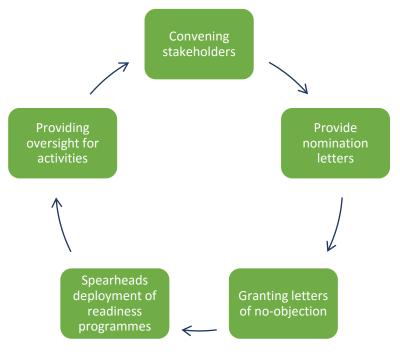


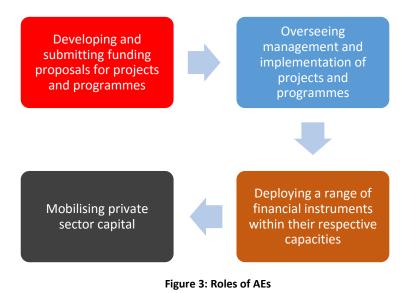
Figure 2: Role of the CCCI as NDA

1.4 What are the roles of Accredited Entities (AEs)?

The accredited entities are the implementing entities that act as a country's programme managers of the fund (grants). The entity is accountable directly to the GCF Board for the overall management of projects, including financial, monitoring and reporting aspects of project activities. They can be:

- National (NIEs) e.g., the Ministry of Finance and Economic Management (MFEM)
- Multilaterals (MIEs), such as multilateral development banks and UN and agencies e.g., ADB, UNDP, IUCN, UNEP, FAO, etc.
- Regional (RIEs), such as regional agencies e.g., SPREP
- Private Sector entities which are supported by the private sector facility

The roles of the AEs are articulated below:



1.5 What are the roles of the Executing Entities (EEs)?

GCF defines an Executing Entity (EEs) as an entity through which GCF funds are used for the purposes of an approved activity and carries out the implementation of the activity. EEs do a range of activities geared towards the implementation of an approved activity. Unlike AEs, EEs do not get direct access to the GCF funds. AEs can be an EE, though the reverse is not true.

Most projects involve incorporation of different activities which requires different expertise, such as capacity building, extension services and management of financial instruments. The organisations or individuals doing these activities are EEs and they can be from the public or private sector. The following are typically the roles of the EEs:

- Identifying potential projects in each priority area
- Prioritising and selecting projects to take forward
- Identifying barriers and solutions
- Evaluating options, designing intervention and estimating impacts
- Working out project plan and cost
- Developing concept notes and proposals and supporting evidence
- Submitting proposals to NDA and AE's
- Implementing project activities
- Refining and adapting plans during project executions
- Monitoring and evaluating project impacts

1.6 What are the roles of the Private Sector?

The GCF provides opportunities for private sector players to participate either as Accredited Entities, Executing Entities or project beneficiaries. GCF allows for a range of private actors to be involved in both project development and execution either as partners, implementing entities or co-financiers.

The GCF has set up the Private Sector Facility to fund and mobilise institutional investors and leverage GCF's funds to encourage corporates to co-invest.

It is recognised that the private sector plays a significant role in the transition towards low emission, climate resilient societies by:

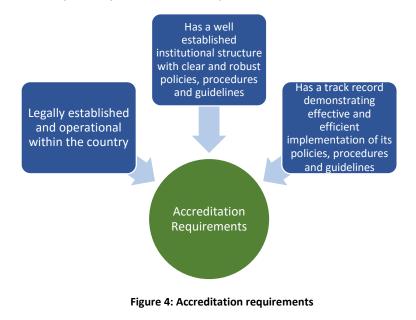
- Providing technologies, products and services needed to facilitate the transition
- Providing funds necessary to finance the transition, beyond what the public sector can provide
- Being important actors in the transition, as key emitters and also vulnerable to the impacts of climate change.

2. ACCREDITATION PROCESS

2.1 What is accreditation?

All entities seeking to access GCF resources must be accredited by the GCF Board. This means that the entities must go through a 3 stage process that seeks to demonstrate that they meet the GCF standards.

The accreditation process uses a 'fit for purpose' approach to assess the applicant's capabilities, competencies, and track records in having and undertaking financial, environmental and social risk mitigation measures required by the GCF. The requirements for accreditation are as shown below:



2.1.1 What is 'fit for purpose' approach?

GCF recognises that interested entities have various capacities, meaning that they can qualify for different levels of accreditation, depending on their ability to demonstrate track record for fiduciary, environmental and social standards. It is on this basis that GCF established the 'fit for purpose' approach for accreditation which classifies applicant entities according to the intended scale, nature and risks of their proposed activities.

Table	1: Fit	for	purpose	approach
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3 STAGI PROCESS	ACCREDITATION	FIT FOR PURPOSE APPROACH (Applicant entity selects an area in the 3 stages that fits its intended scale, nature and risks of their proposed activities)
Mandate ar	nd Track Records	

Alignment with GCF object	Alignment with GCF objectives		
At least 3 years' experient	ce		
1. Fiduciary Standards	 a) Basic Fiduciary Standards: Key administrative and financial capacities Transparency and accountability b) Specialised Fiduciary Standards: Project Management Grant Award and/or funding allocation mechanisms On-lending and/or blending 		
2. Size of project/activity within a	Micro: US \$0-\$10 million		
programme	Small: US \$10 - \$50 million		
	Medium: US \$50 - \$250 million		
	Large: US \$ > 250 million		
3. Environmental and Social	A: high risk/level 1		
Safeguards (ESS)	B: medium risk/ level 2		
	C: minimal to no risk/ level 3		

2.1.2 What is the fast-track accreditation process?

If entities have gained accreditation elsewhere, that are recognised by the GCF (e.g. GEF, Adaptation Fund) that may be comparable to the GCF standards, the fast track process allows can be applied to any accreditation application. The fast track process also allows for the accreditation review to focus on how the applying entity addresses the gaps to accreditation.

2.2 What are the requirements for accreditation?

Required sections for the accreditation process	What you need to apply
 Background and contact information of the applicant entity; Information on the ways in which your institution and your intended projects/programmes will contribute to advancing the country's climate strategies and action plans, in line with the GCF objectives and investment criterion; Information on the scope of intended projects/programmes and the estimated contribution from the GCF required for a project/programme; Basic fiduciary criteria; Applicable specialised fiduciary criteria; Environmental and social safeguards (ESS); Gender. 	 Nomination by the NDA for agreement to work in country Intended project/programmes Evidence of how your organisation can meet the GCF's fiduciary standards, ESS and gender policy Track record which should be climate related and the fiduciary, ESS and gender policy standards applied

Table 2: Requirements for accreditation

The rest of the requirements are contained on the GCF website and the CCCI can assist agencies in this regard.

2.3 The GCF Accreditation Procedure

Stage I: In this phase, the GCF Secretariat reviews the application to see if the applicant has provided sufficient information in line with the accreditation requirements of the level that the applicant is applying for. During this stage, the Secretariat may contact the applicant for additional information in line with the accreditation requirements of the level being applied for. If the applicant passes this stage, the Secretariat inform the applicant that they have passed to Stage II.

Stage II: Stage 1: The GCF reviews the application to establish if the applicant meets the requirements of the GCF, including the vision and objectives of the fund, and has the adequate capacity to manage the fund from the GCF.

Stage 2: The GCF Secretariat makes a recommendation on whether to approve or disapprove the application for accreditation. The recommendation is presented to the GCF Board for approval.

Note that it usually takes 6 months for the accreditation review and decision making process.

Stage III: Only successful applicants reach stage III. In this stage the accredited applicant signs the 'Accreditation Master Agreement (AMA), with assistance from the GCF. The signed AMA makes the AE eligible to submit a project/programme proposal

For accreditation in the Cook Islands, the applicant must first gain the 'No objection' from the NDA in compliance with the 'No objection' process outlined below in Section 5. The CCCI as the NDA in the Cook Islands will assist with the accreditation process in terms of providing guidance, and any queries which arise throughout this process. However, ultimately the applicant for accreditation will endeavour to meet all of the GCF requirements.

3. ACCESS MODALITIES

3.1 What routes can the Cook Islands access GCF funds?

The GCF governing instrument stipulates that eligible countries can access GCF resources national, regional and international implementing entities accredited by the GCF Board. GCF established 3 distinct modalities – Direct Access; Enhanced Direct Access; and International Access.

The access modality is categorised based on the type of entity used. Notably, eligible countries are free to determine the mode of access and these options may be used simultaneously. In order to understand the structure of these access routes, it is important to take note of the general functions of the Fund Manager, Implementing Body and Executing Body.

FUND MANAGER	Develops strategies, policies and guidelines of Fund
FUNCTIONS (SOME	Reviews proposals submitted to the Fund
FUNCTIONS CARRIED OUT	Decides who receives funding
BY THE FUND SECRETARIAT	Instructs trustee to transfer funds to eligible implementing bodies
	Monitors implementation progress
	Accountable to donors on fund expenditures
IMPLEMENTING BODY	Identification of projects
FUNCTIONS	Preparation of Project concepts
	Appraisal of Project concepts
	Preparation of project documents

Table 5 Function of actors in the GCF Fund

		•	Approvals and start-ups of projects
		•	Supervision of projects
		•	Evaluation of projects
		•	Accountable to Fund of use of funds
EXECUTING	BODY	•	Management and administration of day-to-day activities
FUNCTIONS		•	Undertakes procurement and contracting of goods and services
		•	Accountable to implementing body for use of funds

3.1.1 Direct Access

This is where GCF funds are transferred directly to recipient countries through sub-national, national or regional AEs nominated by the NDA. The direct access route is important, because interventions are country driven, builds country ownership since funds are channelled directly to recipient countries and implementation of projects is managed by the designated national bodies.

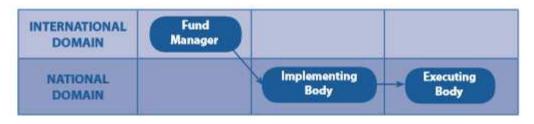


Figure 5: Structure of Direct Access

The Ministry of Finance and Economic Management (MFEM) will be eligible to Direct Access as an Accredited Entity to the GCF.

3.1.2 Enhanced Direct Access

The Enhanced Direct Access is an important form of Direct Access in that, it has devolved structures that give recipient countries more responsibilities in comparison to the Direct access – hence ensure country ownership. For instance, in the Enhanced Direct Access, decision making on the specific projects and programmes to be funded are made at the country/entity level. In-addition, funding decisions and management of funds takes place at the national level and only a small degree of oversight is maintained at the international level, e.g., the Fund Manager is expected to provide a progress report of the fund's activities and ensure accredited entities adhere to the international Fund's standards.

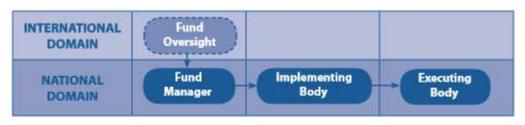


Figure 6: Structure of Enhanced Direct Access

The Ministry of Finance and Economic Management is in the process of working on eligibility for Enhanced Direct Access.

What are the differences between Direct Access and Enhanced Direct Access?

The table below outlines the steps undertaken in Direct Access and Enhanced Direct Access hence highlighting the differences between the two processes.

Table 6: Difference between	direct access and	l enhanced direct access
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DIRECT ACCESS	ENHANCED DIRECT ACCESS
1. The NDA nominates a prospective accredited	1. Selection of a prospective accredited entity
entity under the direct access modality.	through a consultative process by the NDA under the enhanced direct access modality.
2. Entity applies to GCF for accreditation.	,
	2. Entity applies to GCF for accreditation (if not
3. Submission by the accredited entity of individual projects or programmes for financing by the Fund.	already accredited).
	3. Submission of a proposal developed by the
	selected entity in consultation with the NDA.
	Unlike traditional direct access, there is NO
	submission of individual projects or
	programmes because decision making for
	the funding of specific activities is devolved
	at the country level.

3.1.3 International Access

This is where GCF transfers resources directly to accredited international entities such as the United Nations agencies, multilateral development banks and regional institutions. Notably, these accredited international entities do not need endorsement from the NDA.

In this modality, the fund oversight, management, and implementation functions are undertaken at international level by the accredited international or multilateral institutions. Execution may be undertaken in two ways: at the national level through arms of the accredited international or multilateral institutions operating at national level or within the multilateral institution. In summary, the international access modality makes limited use of recipient country systems.

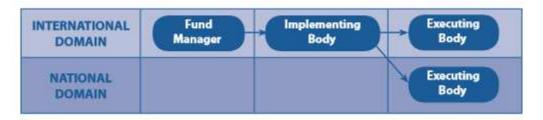


Figure 7: Structure of International Access

Comparison the GCF access modalities

Table 7: Comparing the access modalities

	ACCESS MODALITY		
ELEMENT	Direct Access	Enhanced Direct Access	International Access
Is it mandatory for the entity to be accredited by GCF to access funds?	YES	YES	YES
Is it mandatory for the entity to be nominated by the NDA ?	YES	YES	NO
Is it mandatory for the NDA to nominate a prospective accredited entity through a consultative process?	NO	YES	NO. Accredited international or multilateral entities do not need endorsement from the NDA
Can the accredited sub-national, national or regional entity nominated by the NDA submit individual projects or programmes for financing by the Fund?	YES	Unlike traditional access, there is NO submission of individual projects or programs because decision making for the funding of specific activities is devolved at the country level.	N/A
Is it mandatory to use national systems/structures	YES	YES	NO. This route uses structures established under accredited international or multilateral entities operating at international or national level
What level is the Fund Management function undertaken?	International level – GCF Secretariat	National level – only a small degree of oversight is maintained at the international level	International level by the accredited international or multilateral institutions
What level is the Implementation Function Undertaken?	National Level	National Level	International level – via arms of the
What level is the Execution Function undertaken?	National Level	National Level	accredited international or multilateral institutions operating at national level or within the multilateral institution
Does the Access modality use National systems/structures?	YES. Implementation and Execution takes place at national level. However, Fund Management Function is undertaken at the International level.	YES. All levels (Fund management, implementation and execution use national systems. Only a small degree of oversight is maintained at the international level.	NO. All functions take place at International level – refer to above for explanation.

4. GCF PROPOSAL GUIDELINE

4.1 What are the guidelines for developing GCF proposal in the Cook Islands?

The GCF project cycle has 5 main steps outlined in the table below. These steps are in chronological order:

Table 8: GCF Project Cycle

	STAGE	DESCRIPTION
STEP 1	CONCEPT NOTE (VOLUNTARY – in that the proponent may choose to firstly submit a Concept Note then later a Proposal OR start by submitting a Proposal)	 DESCRIPTION It is not mandatory to submit a concept note. Entities can opt to submit a Concept note, then proceed to a proposal OR, skip the Concept note stage and only submit a proposal. 1. Develop a Concept Note in consultation with the NDA. 2. Obtain a Letter of No Objection from the NDA. 3. Submit a Concept Note to GCF through an AE. Submission is through the GCF Online portal. 4. GCF Secretariat acknowledges receipt of the proposal. 5. GCF Secretariat sends feedback and/or recommendations clarifying whether the Concept Note has been: a) Endorsed – Entity proceeds to develop a proposal. b) Not endorsed with a possibility of resubmission – Entity required to revise the Concept Note, taking into consideration the recommendations and comments from the GCF. Afterwards, the AE resubmits the revised Concept Note alongside the Letter of No Objection obtained from the NDA (see procedure below). c) Rejected – Process terminated. Concept Note should not proceed to Proposal stage. GCF provides comments as to why the Concept Note was rejected.
STEP 2	OBTAIN LETTER OF NO OBJECTION FROM THE NDA (CCCI Division of the OPM)	 The purpose of the no-objection procedure is to ensure consistency with national climate change strategies and plans and country driven approaches, and to provide for effective direct and indirect public and private sector financing by the Fund. A no-objection is a condition for approval of all funding proposals submitted to the GCF. Procedure for obtaining letter of No-objection: This process takes approximately 60 days, before the applicant is granted a letter of no objection. 1. Applicant writes an application letter to the Director of the Climate Change Cook Islands Division of the Office of the Prime Minister notifying intent to submit a Concept Note/Proposal and requests a letter of no objection from the NDA. The application letter must be accompanied by relevant supporting documentation. 2. The NDA will post the funding proposal to the OPM website for a period of 10 days for public comment. 3. The NDA may contact the applicant to seek clarification or request for more information. Discussion (written and verbal) may be held between the applicant and the NDA.

		 4. If the applicant is not an AE, the NDA will discuss with the applicant a possible AE for the applicant to work with. The applicant should then work with the AE and the AE with the NDA. Note that the AE will have its own approved processes by which the application will have to comply with. 5. The NDA reviews documents shared by the applicant to ensure that these are in line with GCF investment criteria and cross checks
		alignment to the Cook Islands legislative frameworks and priority areas. The NDA will be assisted by the Technical Advisory Group.
		6. If the NDA concludes the Concept Note or Proposal is in line with Cook Islands priorities, the NDA will submit its review to the National Sustainable Development Commission (NSDC) for approval. On approval by the NSDC, the NDA will issue the letter of no objection to the AE to proceed with the application to the GCF.
		7. If the NDA concludes that the Concept Note/Proposal is not in line with the Cook Islands priorities, the NDA will notify the applicant that the application has been rejected and outline the reasons why the application has been rejected.
		8. The decision on the application will be posted on the OPM website.
		9. The NDA will maintain communication with the AE and GCF on the progress of the application.
STEP 3	PROPOSAL SUBMISSION	1. The Concept Note/Proposal will be submitted to the GCF through an AE. Submission is through the GCF Online portal, which AEs will have access to.
		2. GCF Secretariat acknowledges receipt of the proposal.
		3. GCF Secretariat reviews the proposal to make sure it is complete with sufficient information.
STEP 4	ANALYSIS AND RECOMMENDATIONS	 Initial review stage: the GCF Secretariat undertakes a detailed assessment to determine whether the Concept Note/Proposal:
	BY THE GCF	Responds to its six investment criteria and the activity specific
	SECRETARIAT AND THE INDEPENDENT TECHNICAL ADVISORY PANEL	 sub-criteria, and Aligned to the GCF interim environmental and social safeguards, gender policy and other policy guidelines.
	(ІТАР)	2. GCF Secretariat submits the proposal, supporting documentation and the preliminary outcome of the review to the ITAP of the Fund.
		3. The ITAP assesses the proposal and supporting documentation and provides an independent report on the expected performance of the project or programme against the activity specific criteria.
		4. Following the outcome of the review undertaken in 1 and 2 above, the AE may be contacted to clarify and or provide additional information on the proposal.
		5. The GCF Secretariat compiles the funding proposal package including (a) the funding proposal, (b) the no-objection letter issued by

		 the NDA (CCCI Division of OPM), (c) Secretariat's review outcome, (d) ITAP's review outcome. 6. The GCF Secretariat submits the funding proposal package to the GCF Board for consideration no later than 3 weeks before the Board Meeting where the funding proposal will be considered.
STEP 5	BOARD DECISION	 The Board review the Funding proposal package and makes one of the following decisions: (a) Approve funding; (b) Provide an approval which is conditional upon modification to the project or subject to availability of funding; (c) Reject the funding proposal. GCF sends notification to the AE, interim trustee and the NDA about the funding decision.
STEP 6	LEGAL ARRANGEMENTS	 After approval for funding, a Funded Activity Agreement (FAA) is negotiated and signed between the AE and the GCF. Implementation Phase: GCF transfers funds to the AE according to agreed tranches, the Fund's fiduciary standards and ESS are applied, and an external audit report is submitted.

4.2 What are the key GCF Proposal Requirements?

4.2.1 Results Management Framework

The GCF Results Management Framework (RMF) provides an opportunity for the proponent to demonstrate how the proposed interventions will transition a country to a low carbon and climate resilient development pathway. The activities in the RMF must be country driven, determined through a consultative process with key stakeholders and anchored in the Fund's activities. The RMF is based on two key elements: Initial Logic Model and the Performance Measurement Framework.

(a) **Initial Logic Model**: This model provides a theory of change through a step by step process which clearly shows how the proposed inputs (activities) convert to the anticipated results at the project/programme, country, strategic impact and paradigm shift levels.

(b) **Performance Measurement Framework**: The Performance Measurement Frameworks (PMFs) uses a set of indicators to measure progress towards results, hence monitor the Fund's results at the project, programme and aggregate portfolio levels. The indicators measure progress towards intended results based on the paradigm shift objective, Fund-level impacts and project/programme outcomes outlined in the Fund's mitigation and adaptation logic models.

4.2.2 Gender

The GCF seeks to ensure gender is integrated in all aspects of its processes and operations hence results to equitable access of the Fund's resources and implementation of gender sensitive interventions at all levels. The gender principle ensures that GCF funded projects adhere to gender equality and equity, as enshrined in international agreements and the Cook Islands Constitution, and other human rights agreements. Gender mainstreaming aims to:

1. Achieve greater, and more effective sustainable and equitable climate change results.

2. Build equally women and men's resilience to, and ability to address climate change, and ensure that women and men will equally contribute to and benefit from Fund activities.

3. Address and mitigate assessed potential project risks for women and men from funded adaptation and mitigation activities.

4. Contribute to reducing the gender gap in climate change exacerbated social, economic and environmental vulnerabilities.

4.2.3 The Environmental and Social Safeguards (ESS)

Environment and Social Safeguard (ESS) are interventions put in place to reduce conflict, optimise benefits, and help ensure that activities do not result in unintentional harm to people or the environment. The GCF adopted the International Finance Corporation (IFC) Performance Standards as its safeguard standards on an interim basis.

Table 9: The Performance Standards adopted by GCF

OVERACHING (ESMS)	SUBJECT SPECIFIC			
PS1: Assessment and Management of	PS2: Labour and working conditions			
Environmental and Social Risks and Impacts:	PS3: Resource efficiency and pollution prevention			
 Policy (or equivalent documents) 	PS4: Community Health, Safety and Security			
 Process for identifying risks and impacts 	PS5: Land acquisition and involuntary settlement			
 Management program 	PS6: Biodiversity conservation and sustainable			
 Organisational capacity and competency 	management			
 Process for monitoring and evaluation 	PS7: Indigenous peoples			
- External communications	PS8: Cultural heritage			

AE will have their ESS systems aligned to these Performance Standards adopted by the GCF.

4.3 What is the GCF Investment Criteria?

The GCF Investment Criteria is a procedure used by the GCF for evaluating and selecting proposals for funding. This procedure has six elements that each applicant must ensure they adequately meet. These elements are: Impact Potential, Paradigm Shift Potential, Sustainable Development Potential, Needs of the Recipient, Country Ownership, and Efficiency and Effectiveness.

When formulating the proposal, the proponent is expected to demonstrate how the proposed project aligns with all six investment criteria and respond to only the applicable and relevant sub-criteria and indicative assessment factors, since not all activity-specific sub-criteria and indicative assessment factors are applicable or relevant to every proposal. Project proponents are encouraged to complement quantitative and qualitative indicators.

The **activity sub-criteria guide** the proponent to demonstrate how the proposed project activities will contribute to mitigation and adaptation. The **indicators (indicative assessment factors)** provide clarity on how the sub-criteria can be assessed. The activity sub-criteria guide and indicators are attached as an annex of this Handbook.



Figure 8: GCF Investment Criteria and their definitions

5. THE NDA AND ITS NO OBJECTION PROCEDURE

To ensure that the funding proposals received by the GCF Secretariat and the Board have the full support of the country, the National Designated Authority, or NDA, must be consulted on every funding proposal. Once consulted, the NDA through its processes will relay the 'no-objection' decision for a GCF project/programme to the proponent. The Cook Islands NDA is the Climate Change Cook Islands Division (CCCI), of the Office of the Prime Minister (OPM).

5.1 Initiating the National No Objection Procedure

It is common in the Cook Islands context that a potential EE (Executing Entity) will approach the CCCI with a project idea. The CCCI acting as the NDA, will discuss the project idea with the EE, including a possible AE for the EE to work with in developing the Concept Note/Proposal. The NDA may facilitate dialogue between the possible AE and the potential EE. Should the project idea develop into a Concept Note/Proposal which an AE should wish to progress, this is when the 'No objection' procedure officially commences.

5.1.1 Purpose of the No Objection Procedure

In the context of the Cook Islands, the objective of the No-objection procedure is to:

1. Ensure that project/programmes funded by the GCF are aligned to the Cook Islands development priorities (through the NSDP and other sectoral strategies), Climate Change Policy and the Joint Action Plan for Climate Change and Disaster Risk Management, and are compliant with national laws;

2. Promote the efficient use of funds by avoiding duplication of ongoing efforts and adding value to building the resilience of the Cook Islands and our people;

3. Ensure that the affected communities, civil society, public and private sector entities have opportunities to participate in planning and implementation of GCF projects/programmes;

4. Guarantee that the impacts and outputs of projects/programmes assist the Cook Islands in meeting its legal commitment to climate change agreements to which it is a party to; and

5. Review projects to ensure consistency with GCF's requirements and policies.

5.2 The No Objection Procedure

5.2.1 The No-objection requirements

An AE seeking a letter of No Objection for a project proposal from the NDA should ensure relevance to the national context.

The No-objection procedure seeks to achieve the following:

- Assess project impacts based on objectives 1-5 above;
- Assess the project risks, and determine which Agency will be responsible for the management of these risks. All projects have financial risks and therefore the Ministry of Finance and Economic Management (MFEM) will always be consulted;
- The environmental and social safeguards and gender risks will be assessed by the National Environment Service (NES) and the agency relevant to the social impact identified.
- Assess the AE, e.g. the AE's ability, track record and history in delivering results within a reasonable timeframe;
- Assess project design and alternatives; and
- Consistency with the National Sustainable Development Plan (NSDP), Joint National Action Plan for Climate Change and Disaster Risk Reduction (JNAP), Cook Islands Renewable Energy Chart (CIREC), Nationally Determined Contributions (NDCs).

The No-objection procedure is initiated when the NDA receives a request and supporting project/programme documents is provided. There can be follow up discussions (written or verbal) with the NDA. The following is required for provision to the NDA:

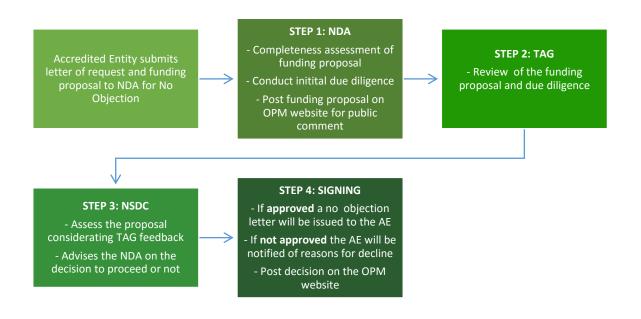
- An application letter requesting a letter of No-objection from the NDA.
- A Funding Proposal or Project Concept using GCF templates.
- Relevant Annexes, including where appropriate, maps of proposed project/programmes site/s, a financial model, prefeasibility study, environmental and social assessment, consultation strategy, etc.

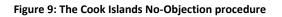
5.2.2 The review process

The review process is guided by the NDA, which uses the Technical Advisory Group (TAG) to assist in the review process. The core TAG team will comprise of the NDA, MFEM, Central Policy and Planning Office (CPPO) within the OPM, NES and depending on the nature, scale and identified risks of the project/programme proposed, other relevant agencies. TAG members are appointed by their respective organisations, sign confidentiality agreements, and are governed by a Terms of Reference.

The TAG will review funding proposals and make recommendations to the National Sustainable Development Commission (NSDC). The TAG will also review the public comments as part of their decision making.

Depending on the size and risks of the project/programme under review, the process may also include decision of Cabinet. The NSDC will recommend when Cabinet decision is required.





Step 1: NDA Assessment

The NDA will review the project/programme proposal ensuring that the template has been completed satisfactorily. Using a specific criteria which is annexed to this Handbook, the NDA will conduct the initial assessment of the project/programme proposal. The NDA will post a summary of the proposal on the OPM website for public comment. Public comment will be compiled and sent to the TAG as part of their decision making record. This step will take approximately 14 days.

Step 2: TAG Review

The NDA will request the TAG to review its initial assessment and conduct further due diligence on the project/programme proposal. The core members of the TAG are the NDA, CPPO division of OPM, Treasury Division of MFEM, DCD Division of MFEM and NES. Depending on the nature, scale and social impacts of the project/programme proposal, other relevant agencies will be requested to be part of the TAG for a specific project/programme. When required, external expertise may also be included in the TAG. The TAG will be guided by its Terms of Reference. This stage will take up to 21 days.

Step 3: NSDC Review

The NDA on behalf of the TAG will prepare a submission to the NSDC seeking their endorsement on the recommendation of the TAG resulting from the Review of the project/programme proposal. The NSDC Secretariat will relay the approval/disapproval decision from the NSDC to the NDA. This stage will take up to 21 days.

Step 4: Signing the Letter of No Objection

Upon endorsement of the project/programme proposal by the NSDC, the NDA will issue a Noobjection letter. If a project/programme proposal is declined by the NSDC, the NDA will indicate such to the AE with an explanation for the decision. The NDA will make public the decision on the project/programme proposal. This stage may take 4 days from time of the completion of Step 3.

6. HOW WILL THE NDA STRATEGICALLY ALIGN WITH THE GCF TO MAXIMISE ACCESS TO CLIMATE FINANCE?

The Cook Islands can strategically align with the GCF to maximise access to climate financing through operationalising the following five key elements adopted from the GCF:

1. Prioritising pipeline development through the GCF Country Program;

- 2. Strengthening proactive and strategic approach to GCF programming;
- 3. Maximising engagement with the private sector;
- 4. Strengthening institutional capacities.

6.1.1 Prioritise pipeline development

The NDA in consultation with key stakeholders will develop a Country Program that is GCF specific that are: (a) responsive to the Cook Islands needs and priorities; (b) can be scaled up (c) contribute to the GCF's strategic objectives and (d) work with accredited entities to progress this pipeline. These objectives target the support that GCF can provide.

6.1.2 Strengthen the Cook Islands proactive and strategic approach to programming

In order to adequately attract climate finance, the Cook Islands needs to demonstrate that GCF investments in the country responds to our needs and priorities. Therefore, any proposals or work programmes related to GCF should be formulated through a consultative process and respond to the national needs and priorities.

6.1.3 Maximising engagement with the private sector

Private sector involvement in implementation of low carbon and climate resilient interventions will significantly contribute to the GCF's efforts to achieve its objectives in line with national aspirations of green growth. The CCCI as NDA is committed to this development pathway and therefore recognises the need to further strengthen the capacities of the private sector to contribute to the GCF objectives.

As such, it is imperative that the Cook Islands, through the NDA strengthens the interventions that will capitalise the resources offered by the Private Sector Facility (PSF).

This will require partnership between the NDA and private sector to build on existing and planned work and platforms to maximise engagement at all levels.

6.1.4 Strengthening institutional capacity

To meet the requirements of the GFC and to strengthen its own systems, the Cook Islands will work towards:

- Ensuring that there is adequate expertise and progress the GCF programme
- Continuously improve Cook Islands Government systems and processes
- Actively participate in any readiness programmes and capacity building that will add value to the GCF and the achievement of its objectives.

ANNEX 1: GCF ACTIVITY SPECIFIC SUB-CRITERIA AND INDICATOR ASSESSMENT FACTORS

The Accredited Entity will develop its funding proposal with due consideration of the investment criteria and the applicable and relevant activity-specific sub-criteria and indicative assessment factors. In the formulation of the proposal, the Accredited Entity is expected to respond to all six of the investment criteria but only the applicable and relevant sub-criteria and indicative assessment factors. Not all activity-specific sub-criteria and indicative assessment factors will be applicable or relevant for every proposal.

Criterion	Definition	Coverage Area	Activity specific sub-criteria	Indicative assessment factors
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact	Contribution to the shift to low- emission sustainable development pathways	 Expected tonnes of carbon dioxide equivalent (t CO2 eq) to be reduced or avoided (PMF-M Core 1)2 Degree to which activity avoids lock-in of long-lived, high-emission infrastructure Expected increase in the number of households with access to low-emission energy Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated Expected increase in the number of small, medium and large low-emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s)) Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s)) Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicator(s)) Expected improvement in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis
		Adaptation Impact	Contribution to increased climate- resilient sustainable development	 Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups Degree to which the activity avoids lock-in of long-lived, climate-vulnerable infrastructure

Table 1: GCF Activity Specific Sub-criteria and Indicator Assessment Factors

				 Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most vulnerable population groups and applying a gendersensitive approach Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s)) Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s)) Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s)) Expected strengthening of awareness of climate threats and risk-reduction processes (PMF-A 8.0 and related indicator(s)); and/or Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis
PARADIGM SHIFT POTENTIAL	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only)	Innovation Level of contributions to global low- carbon development pathways, consistent with a temperature increase of less than 2 degrees Celsius Potential for expanding the scale and impact of the proposed programme or project (scalability) Potential for exporting key structural elements of the proposed programme or project elsewhere within the same sector as well as to other sectors, regions or countries (replicability)	Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through: A theory of change for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries
		Potential for knowledge and learning	Contribution to the creation or strengthening of knowledge, collective learning processes, or institutions	Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects
		Contribution to the creation of an enabling environment	Sustainability of outcomes and results beyond completion of the intervention	 Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention Extent to which the project/programme creates new markets and business activities at the local, national or international levels

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

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

		Engagement with civil society organizations and other relevant stakeholders	Stakeholder consultations and engagement	Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular attention being paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the Fund's environmental and social safeguards and stakeholder consultation guidelines. The proposal places decision-making responsibility with in-country institutions and uses domestic systems to ensure accountability
EFFICIENCY AND EFFECTIVENESS	Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non- financial aspects	Financial adequacy and appropriateness of concessionality Cost-effectiveness (mitigation only)	 Proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers Demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable Demonstration that the Fund's support for the programme/project will not crowd out private and other public investment Estimated cost per t CO2 eq (PMF-M Core 2) as defined as total investment cost/expected lifetime emission reductions, and relative to comparable
		Amount of co- financing	Potential to catalyse and/or leverage investment (mitigation only)	 opportunities Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3) Co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme) Potential to catalyse private- and public-sector investment, assessed in the context of performance on industry best practices Expected indirect/long-term low-emission investment mobilized as a result of the implementation of activity
		Programme/project financial viability and other financial indicators	Expected economic and financial internal rate of return Financial viability in the long run	Economic and financial rate of return with and without the Fund's support (i.e. hurdle rate of return or other appropriate/relevant thresholds) Description of financial soundness in the long term (beyond the Fund's intervention)
		Industry best practice	Application of best practices and degree of innovation	 Explanations of how best available technologies and/or best practices, including those of indigenous peoples and local communities, are considered and applied If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices

ANNEX 2: COOK ISLANDS NO OBJECTION PROCEDURE CHECKLIST FOR EVALUATING FUNDING PROPOSALS TO THE GCF

PROJECT TITLE:	ASSESSOR:			SIGNATURE:			
NIE:	EE:			DATE OF REVIEW:			
REVIEW RECOMMENDATION:		CONTACT PERSON:					
UNIQUE	OBJECTIVE	ACTIVITIES	OUTCOMES	PRI	ORITY	POLICIES	SCORE
CONTRIBUTION				ARE	A	STRATEGIES LEGISLATION	1- LOWEST 5- HIGHEST
ІМРАСТ							Inditedi
SUSTAINABLITY							
ESS							
GENDER/YOUTH							
TRANSFORMATIVENESS							
INNOVATIVENESS							
TOTAL							
CRITERIA		DOES THE PI	ROPOSAL MEE	Г	EXPL		
		CRITERIA? ()	(/N)				
1. The funding proposal i	s aligned to th	e NSDP and no	ational prioriti	es.			
Is the funding proposal in	compliance						
with national policies and	l laws?						
Will the funding proposal	advance						
national adaptation and/o	or mitigation						
targets, as defined in the							
Country Programme, and	other						
relevant documents?							
Will the funding proposal							
burden to the Governmen	nt of the						
Cook Islands?							
2. The funding proposal c	-	and does not a	duplicate, ongo	oing p	rojects	and programme	25
Does the funding proposa							
an existing project or proj							
Does the funding proposa complement and add valu							
existing project or progra							
3. Affected communities,		civil society r	whic and/or n	rivati	serta	, entities have h	ppn
consulted and actively in			-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		charles have be	
Have relevant stakeholde	-						
consulted in the preparation of the							
funding proposal?							
	Have risks been comprehensively						
assessed, and are there measures in							
place to manage negative	2						
environmental and social							
Has the funding proposal	identified						
opportunities to build loc							
capabilities and competer							
4. How is the proposal re	y climate imp	acts?					

Is the proposal responding to key climate parameters, such as intense	
rainfall, periods of drought, flooding and water intrusion, storms and	
winds, increased solar radiation, salt water intrusion, sea level rise?	

ANNEX 3: TERMS OF REFERENCE OF THE TECHNICAL ADVISORY GROUP

A. INTRODUCTION

To ensure that the funding proposals received by the Green Climate Fund (GCF) Secretariat and the Board have the full support of the country, the National Designated Authority, or NDA, must be consulted on every funding proposal. Once consulted, the NDA through its processes will relay the 'no-objection' decision for a GCF project/programme to the proponent. The Cook Islands NDA is the Climate Change Cook Islands Division (CCCI), of the Office of the Prime Minister (OPM).

One of the key roles of the NDA is to implement the 'No Objection' procedure for any proposal seeking GCF funding involving the Cook Islands. Part of the 'No Objection' procedure requires a technical review of the proposal seeking GCF funding. The NDA will call upon the Technical Advisory Group (TAG) to conduct the review.

B. COMPOSITION OF THE TAG

The core TAG team will comprise of the NDA (CCCI); the Central Policy and Planning Office (CPPO) of the Office of the Prime Minister (OPM); the Treasury and Development Coordination (DCD) divisions of the Ministry of Finance and Economic Management (MFEM); and the National Environment Service (NES).

Depending on the nature of the proposal, the NDA will call upon other agencies to join the TAG in the review specific to their area of expertise:

Energy – Renewable Energy Development Division of the Office of the Prime Minister

Transport – Ministry of Transport

Infrastructure – Infrastructure Cook Islands

Agriculture – Ministry of Agriculture

Health – Ministry of Health

Gender – Gender Division of the Ministry of Internal Affairs

Labour – Labour Division of the Ministry of Internal Affairs

Disaster Risk Reduction – Emergency Management Cook Islands

Education – Ministry of Education

Marine Resources - Ministry of Marine Resources/ Marae Moana Coordination Office

Indigenous people – House of Ariki/ Ministry of Culture.

The NDA may also wish to engage external expertise to assist with the review.

C. FUNCTIONING OF THE TAG

The TAG will be chaired by the NDA. The review of proposals for GCF Funding will be conducted in two parts. The first relates to the **unique contribution** that the proposal makes to both the Cook Islands Development and to the objectives of the GCF. Key criteria to be weighted will be:

- Impact
- Sustainability
- Environment and social safeguards
- Gender/youth considerations
- The transformational potential
- Innovation

The second part of the review will check on the national ownership of the proposal focusing on three points:

1. The funding proposal alignment to the National Sustainable Development Plan and national priorities, JNAP and the Climate Change Policy;

2. Complementary nature of the project to ongoing projects and programmes;

3. The level of consultation and active involvement of the stakeholders in the planning and implementation of the proposal; and

4. How is the project going to respond to key climate impacts?

The TAG will use the standard GCF proposal Checklist provided by the NDA. Should there be any changes to the checklist, the TAG will be informed and the checklist will be made public.

The TAG must review any GCF proposal within 21 days of receipt.

Results from the review will be presented to the National Sustainable Development Commission for endorsement before submission to the GCF.
