



Date: 1 June 2020
Reference: DCP/2020/176
Page: 1 of 3

Subject: No-Cost Extension to the GCF Readiness and Preparatory Support Programme and Project Preparation Facility

Dear National Designated Authorities and Focal Points,

In recognition of the potential impact of the COVID-19 pandemic on the implementation of activities under the Readiness and Preparatory Support Programme and Project Preparation Facility, the Green Climate Fund (GCF) is monitoring this situation with a view to supporting our partners in a manner that is responsive and programmatic.

As part of these measures, we wish to inform you that the GCF has granted up to six-months extension of the grant term/anticipated duration of activities for specific grants that had been approved by the GCF prior to the pandemic having arisen and which expire after 1 March 2020 (as contained in Annex I) and are effective prior to 8 April 2020. The GCF has granted additional flexibilities whose guidelines as outlined below.

No-Cost Extensions

The no-cost extension is granted with the following terms:

- i. There is no need for a request letter seeking extension. Please be informed that the willingness on the part of the GCF to provide up to a six-month extension due to the COVID-19 pandemic is not intended to prevent activities that can be delivered under the pre-pandemic existing contractual timelines. Delivery Partners and National Designated Authorities/Focal Points (NDA/FP) can complete the grant implementation sooner than the full no-cost extension period. It is expected that Delivery Partners will fully coordinate with NDA/FPs in relation to the application of the said extension as a result of the COVID-19 pandemic.
- ii. Delivery Partners are required to countersign this letter and send back to GCF (opm@gcfund.org) the countersigned letter as a confirmation of acceptance of the no-cost extension.
- iii. Delivery Partners should include a revised workplan and budget for the new period in the next reporting cycle.

- v. Grants requiring an extension longer than the six-months must submit a well-justified request in line with standard practices and procedures for the Fund's consideration and approval.
- vi. The originally agreed grant sum as approved grant agreement required to complete the activities under the respective legal agreements remains unchanged for grants accepting this no-cost extension.

Other temporary measures to support project implementation through the extension period are detailed below. Please be advised that these measures do not constitute a permanent change in policy. As such, they are designed to temporarily to address impacts of COVID-19 pandemic.

Project management costs: The project management costs (PMC) cap has been increased from 7.5 percent to 12.5 percent of the total activity budget approved. Partners can tap into the approved contingency fund to meet these additional costs up to the 12.5% cap. If the Delivery Partner increases the PMC, then the Delivery Partner is required to provide detailed documentation and justification supporting the increase in PMC and clearly outlining how the additional costs are related to the COVID-19 pandemic. This justification should be included in the interim progress report or completion reports due for submission as detailed in the grant agreement.

Contingency budget: The approved contingency amount included in the budgets for these activities may be used to cover unforeseen costs relating to the COVID-19 pandemic without prior approval from GCF. The contingency budget may be used for project management costs (PMC). The said contingency expenses will need to be justified and included in the detailed reports that are required to be submitted by the delivery partner/recipient under the respective legal agreement between the delivery partner/recipient and the GCF.

Budget Re-allocation: The reallocation of approved budget among the budget line items can be made from one budget category to another up to 25 percent variation across the categories. The receiver and giver budget category can only take or give without prior fund approval up to 25 percent based on the previously approved budget. Budget can also be reallocated from outputs without changing the project scope to PMC if the contingency budget is insufficient to meet the increases in PMC. The delivery partner is required to provide detailed documentation and justification supporting the budget reallocation in the submitted reports in line with the grant agreement.

For the avoidance of doubt, the terms and conditions of the approved Readiness and Preparatory Support Proposals and Project Preparation Facility; and the respective legal agreements between the delivery partner/grant recipient and the GCF, shall remain unchanged and in full force and effect.

Colleagues and myself remain at your disposal should any assistance or additional information be required. We would be pleased to respond to any queries your colleagues may send to the following e-mail account: countries@gcfund.org and opm@gcfund.org.

Yours sincerely,

Mr. Pa Ousman Jarju
Director