

AU-AIP Multi-Country GCF Readiness Climate Resilient Water Investment Initiative

Accelerating mobilisation of finance for climate resilient
water investments in Africa



COUNTRY CAPACITY ASSESSMENT REPORT AND
CAPACITY DEVELOPMENT PLAN

REPUBLIC OF MOZAMBIQUE

Support for African countries to develop and implement climate resilience water investment programmes

Executive Summary

This Report assesses the institutional capacity and develops a plan to strengthen Mozambique's ability to access and manage climate finance, particularly through the GCF, focusing on:

- National Designated Authority (NDA)
- Direct Access Entities (DAEs)
- Executing Entities (EEs)

Key Objectives:

- Strengthen NDA, DAE, and EE capacity to implement climate finance projects.
- Train stakeholders on GCF procedures and concept note development.
- Enhance direct access to GCF by improving institutional readiness.

Methodology:

- Online capacity needs assessment using tailored tools.
- Stakeholder mapping and analysis.
- Identification of capacity gaps and development actions with measurable indicators.

Stakeholder Analysis:

27 entities were mapped, including government ministries (e.g., Finance, Water Resources, Environment), private sector (e.g., Mozal, Cervejas de Mozambique), Civil society and academia (e.g., Livaningo, Eduardo Mondlane University). Most government entities showed high power and interest in supporting climate finance initiatives.

Capacity Gaps Identified:

- **NDA:** Weak private sector engagement, limited M&E systems, inadequate infrastructure, need for training in GCF frameworks and climate finance tracking.
- **DAEs:** (e.g., FUNAE) Gaps in governance, compliance, and project management, need for training in GCF procedures and risk management, weak gender and social inclusion frameworks.
- **EEs:** (e.g., DNGRH, INAM, INGD, Livaningo) limited understanding of GCF modalities
- Lack of trained staff for project development
- Weak M&E and ESS systems
- Need for stakeholder engagement strategies

Capacity Development Strategy:

- Joint training for NDA, DAEs, and EEs staff
- Knowledge sharing and exchange visits with advanced GCF countries
- Technical assistance for accreditation and proposal development

Planned Interventions (May–Nov 2025):

- Development of private sector engagement strategy
- Establishment of M&E systems
- Procurement of IT equipment
- Training on GCF frameworks, climate finance, ESS, and proposal writing
- Budget allocations range from \$3,500 to \$15,000 per activity

Conclusion:

Mozambique's institutions have limited experience with GCF projects. Capacity building through training, experience exchange, and institutional support is essential to improve access to climate finance and enhance resilience through water-related investments.

ACRONYMS

| | |
|---------|--|
| AE | Accredited Entity |
| AfDB | African Development Bank |
| AI | Artificial Intelligence |
| AIP | Continental Africa Water Investment Programme |
| ARA Sul | Regional Water Authority |
| AU | African Union |
| CAN | Capacity Needs Assessment |
| CB | Focus on capacity building |
| CNs | Concept Notes |
| CSO | Civil Society Organization |
| DAE | Direct Access Entity |
| DINAB | National Directorate of Environment |
| DNAAS | National Directorate of Water Supply and Sanitation |
| DNAL | National Directorate of Local Administration |
| DNE | Directorate of National Energy |
| DNGRH | National Directorate of Water Resources Management |
| DNHA | National Directorate for Agriculture |
| DNMC | National Directorate of Climate Change |
| DNSP | National Directorate of Public Health |
| EE | Executing Entity |
| ENAMMC | National Climate Change Adaptation and Mitigation Strategy |
| ESG | Environmental, Social, and Governance |
| ESS | Environmental and Social Safeguards |
| EU | European Union |
| FAQs | Frequently Asked Questions |
| FIPAG | Investment and Assets Fund for Water Supply |
| FNDS | National Fund for Sustainable Development |
| FP | Focal Point |

| | |
|---------|--|
| FUNAE | Energy Fund |
| FUNAE | National Energy Fund |
| GCF | Green Climate Fund |
| GIS | Geographic Information Systems |
| GRMs | Grievance Redress Mechanisms |
| GWPSA | Global Water Partnership Southern Africa |
| IAE | International Accredited Entity |
| IFC | International Finance Corporation |
| IFRS | International Financial Reporting Standards |
| INAM | National Institute of Meteorology |
| INATUR | The National Institute of Tourism |
| INGD | National Institute of Disaster Management |
| INIR | National Institute of Irrigation |
| IUCN | International Union for Conservation of Nature |
| LEDS | Low Emission Development Strategies |
| M&E | Monitoring and Evaluation |
| MAAP | Minister of Agriculture, Environment and Fisheries |
| MAEFP | Ministry of State Administration and Public Service |
| MCT | Ministry of Culture and Tourism |
| MEF | Ministry of Economy and Finance |
| MIREME | Ministry of Mineral Resources and Energy |
| MISAU | Ministry of Health |
| MITAD | Ministry of Land and Environment |
| MOPHRH | Ministry of Public Works, Housing and Water Resources |
| NAP | National Adaptation Plan |
| NDA | National Designated Authority |
| NDC | Nationally Determined Contribution |
| NGO | Non-Governmental Organization |
| PNOSCMC | National Platform of Civil Society Organizations on Climate Change |
| PPF | Project Preparation Facility |

RBM CB is more easily tracked and accounted for in a Result Based Management

SADC Southern African Development Community

SNMAMC National Climate Change Monitoring and Evaluation System

UEM Eduardo Mondlane University

UMC Climate Change Coordination Unit

UNESCO United Nations Educational, Scientific and Cultural Organization

UNICEF United Nations International Children's Emergency Fund

TABLE OF CONTENTS

| | | |
|-------|---|----|
| 1 | Background | 1 |
| 1.1 | National Context and Climate Vulnerabilities | 1 |
| 1.2 | Key Aspects of the Strategy | 1 |
| 1.2.1 | Focus Areas | 1 |
| 1.2.2 | Objectives..... | 1 |
| 1.3 | Monitoring and Evaluation of Climate Change | 2 |
| 1.4 | Rationale..... | 2 |
| 2 | Strategic Objective | 2 |
| 2.1 | Overall Objective of Preparing the Capacity Development Plan | 2 |
| 2.2 | Specific Strategic Objectives | 2 |
| 3 | Methodology | 3 |
| 3.1 | Overview | 3 |
| 3.2 | Stakeholder Analysis | 3 |
| 3.2.1 | Stakeholder Mapping | 3 |
| 4 | Capacity Needs Assessment..... | 6 |
| 4.1 | NDA Assessment, Gaps and Recommended Action..... | 6 |
| 4.2 | DAE Assessment, Gaps and Recommended Action | 8 |
| 4.3 | Executing Entities Assessment, Capacities and Gaps..... | 13 |
| 4.3.1 | National Institute of Meteorology..... | 13 |
| 4.3.2 | Disaster Risk Management Institute..... | 14 |
| 4.3.3 | PNOSCMC..... | 15 |
| 5 | Capacity Development Strategy | 18 |
| 5.1 | Trainings | 18 |
| 5.2 | Tools and knowledge sharing..... | 18 |
| 5.3 | Technical Assistance | 18 |
| 6 | Capacity Development Plan | 18 |
| 6.1 | Capacity Development Plan for the NDA..... | 18 |
| 6.2 | Capacity Development Plan for the DAEs | 23 |
| 6.3 | Capacity Development Plan for Other Stakeholders and Executing Entities EEs | 23 |
| 7 | Conclusion..... | 23 |

1 Background

1.1 National Context and Climate Vulnerabilities

Mozambique is among the ten countries that are most vulnerable globally to the impact of climate change and natural hazards. According to the 2021 Global Climate Risk Index, in 2019 Mozambique was the country most affected by climate change. Its location, extensive coastline, and large expanse of low-lying hinterland contribute to its vulnerability. The impacts of climate change are expected to increase over the next decades. Projected rising temperatures, more irregular rainfalls and related sea level rise will increase the frequency and intensity of droughts, floods, and cyclones (World Bank, 2023).

The adoption of the 2013-2025 National Climate Change Adaptation and Mitigation Strategy (ENAMMC) in 2012 demonstrated progress in aligning national priorities with climate action and established a framework for enhancing access to climate finance in a coordinated way. The National Climate Change Adaptation and Mitigation Strategy's primary objective is to enhance resilience in communities and the national economy by reducing climate risks and promoting low-carbon development and a green economy.

The Government of Mozambique has strengthened its commitment to tackling climate change, building resilience, and enhancing disaster preparedness. The Government submitted its first updated Nationally Determined Contribution (NDC) in December 2021. The ENAMMC's primary objective is to enhance resilience in communities and the national economy by reducing climate risks and promoting low-carbon development and a green economy. However, the connection between national plans, sectoral plans, and the National Determined Contribution (NDC) is still weak and could be further improved, while keeping expectations consistent with capability.

1.2 Key Aspects of the Strategy

Vision: A prosperous, climate-resilient Mozambique with a green economy in all sectors by 2025.

Priorities: Adaptation and climate risk reduction are national priorities.

1.2.1 Focus Areas

- **Adaptation:** Reducing vulnerability and improving living conditions through measures like strengthening climate resilience in key sectors such as agriculture, health, infrastructure, and disaster risk management.
- **Mitigation:** Promoting a low-carbon development path and green economy.
- **Institutional Framework:** The strategy calls for a dedicated Climate Change Coordination Unit (UMC) and improved coordination mechanisms.
- **Monitoring & Evaluation (M&E):** Establishment of the National Climate Change Monitoring and Evaluation System (SNMAMC) to track progress, improve reporting, and assess the effectiveness of policies and programs.

1.2.2 Objectives

- **Increase Resilience:** Build capacity at community and national levels to respond to climate change impacts.

- **Reduce Climate Risk:** Implement measures for disaster risk reduction.
- **Promote Low-Carbon Development:** Encourage the adoption of cleaner energy and technologies.
- **Foster a Green Economy:** Integrate environmental and economic considerations for sustainable growth.
- **Improve Coordination and Finance:** Enhance national leadership and provide tools for tracking climate finance.

1.3 Monitoring and Evaluation of Climate Change

Since 2014, Mozambique has established SNMAMC, this system seeks to capture valuable insights, identify investment gaps at the sector level, and facilitate the integration of climate-related considerations into future sector budgets, thereby ensuring a coordinated approach to climate change initiatives.

1.4 Rationale

Although Mozambique has made remarkable progress in the last decade, implementation of the policies, plans and strategies remains low due to low technical capacity, low community awareness and lack of financial resources, among others.

According to the Global Climate Fund (GCF) portal, in Mozambique, 8 projects were being implemented, of which 6 are multicounty and 2 are national. The reduced number of projects submitted to the GCF by national entities confirms the previous narrative of the weak capacity of national institutions to prepare bankable projects for financing from the GCF and other climate finance windows. There is also knowledge limitation on the operations of the GCF, the modalities of climate finance, how to structure climate finance proposals and how to incorporate gender and social inclusion as well as environmental considerations into proposals.

Therefore, the preparation of this capacity development plan seeks to strengthen the skills and knowledge of the institutions on GCF operational modalities and frameworks and the preparation of concept notes for submissions to various climate finance windows.

2 Strategic Objective

2.1 Overall Objective of Preparing the Capacity Development Plan

The overall objective of preparing the Capacity Development Plan is to strengthen the capacity of National Designated Authority (NDA), Direct Access Entities (DAEs) and Executing Entities (EEs) for implementing climate finance to enhance resilience through water.

2.2 Specific Strategic Objectives

The country capacity assessment and development plan are designed to achieve the following targeted outcomes:

- **Train key country stakeholders:** on climate finance through the GCF based on an assessment of residual training needs amongst targeted stakeholders.

- **Enhance direct access:** by building the capacity of DAEs and EEs on GCF procedurals, frameworks and preparation of Concept Notes.

3 Methodology

3.1 Overview

In general, the Capacity Needs Assessment (CNA) was conducted online. Capacity Needs Assessment Tools were developed and sent to NDAs, DAEs and EEs to fill up. After completion of the questionnaires, the data and information on their capacity needs were summarized by different entities. For each capacity need listed, the necessary capacity building actions/interventions, the implementation strategy, as well as the indicators were identified. The indicators will help to measure the level of implementation of the Capacity Development Plan for the institutions at the end of the Project.

3.2 Stakeholder Analysis

3.2.1 Stakeholder Mapping

The rationale for stakeholder mapping was to identify key stakeholders to engage and collaborate with in the implementation of the GCF Readiness Project, their contribution to the Project to understand their level of support or opposition to the Project. The stakeholder mapping identified 26 entities/groups divided into the following categories: i) government and regulatory entities, ii) private sector entities, iii) non-governmental/civil society organizations and iv) Academia.

Most of the stakeholders are state actors, as these are entities that are associated with or represent the Government. In general, these stakeholders are powerful and are active supporters for the successful implementation of projects.

Non-state actors, not affiliated, directed or funded by the governments of Mozambique, were also mapped. These include private sector organizations, NGOs, Civil Society and relevant water users. Their power ranges from medium to low, however, they generally support initiatives that aim to improve the capacities of institutions linked to climate and water. **Table 1** shows the stakeholder list and analysis matrix (including influence and interest).

Table 1: Stakeholder List and Analysis Matrix

| No. | Institution/Organisation | Power | Interest |
|-----|--|-------|----------|
| 1 | Ministry of Economy and Finance (MEF: Ministério da Economia e Finanças), (Climate Finance Office) | High | High |

| No. | Institution/Organisation | Power | Interest |
|-----|---|--------|----------|
| 2 | Ministry of Public Works, Housing and Water Resources (MOPHRH: Ministério das Obras Públicas, Habitação e Recursos Hídricos,), National Directorate of Water Resources Management (DNGRH: Direcção Nacional de Gestão de Recursos Hídricos) | High | High |
| 3 | Ministry of Public Works, Housing and Water Resources (MOPHRH), National Directorate of Water Supply and Sanitation (DNAAS: Direcção Nacional de Abastecimento de Água e Saneamento) | High | High |
| 4 | Minister of Agriculture, Environment and Fisheries (MAAP: Ministério da Agricultura, Ambiente e Pescas), National Institute of Irrigation (Instituto Nacional de Irrigação, Instituto Público (INIR, IP) | High | High |
| 5 | Minister of Agriculture, Environment and Fisheries (MAAP: Ministério da Agricultura, Ambiente e Pescas), National Directorate for Agriculture (DNHA: Direcção Nacional de Agricultura) | High | High |
| 6 | Ministry of Mineral Resources and Energy (MIREME: Ministério dos Recursos Minerais e Energia), Directorate of National Energy (DNE; Direcção Nacional de Energia | High | High |
| 7 | Ministry of Health (MISAU: Ministério da Saúde), National Directorate of Public Health (DNSP: Direcção Nacional de Saúde Pública) | High | High |
| 8 | Ministry of Land and Environment (MITAD: Ministério da Terra e Ambiente), National Directorate of Environment (DINAB: Direcção Nacional do Ambiente) | High | High |
| 9 | Ministry of Land and Environment (MITAD: Ministério da Terra e Ambiente), National Directorate of Climate Change (DNMC: Direcção Nacional de Mudanças Climáticas) | High | High |
| 10 | Ministry of Culture and Tourism (MCT: Ministério da Cultura e Turismo), The National Institute of Tourism (INATUR: Instituto Nacional de Turismo- Instituto Público) | Medium | Medium |
| 11 | Ministry of State Administration and Public Service (MAEFP: Ministério da Administração Estatal e Função Pública), National Directorate of Local Administration (DNAL: Direcção Nacional da Administração Local) | Medium | Medium |
| 12 | National Institute of Disaster Management (INGD: Instituto Nacional de Gestão e Redução do Risco de Desastres) | Medium | Medium |

| No. | Institution/Organisation | Power | Interest |
|-----|--|--------|----------|
| 13 | National Institute of Meteorology (INAM: Instituto Nacional de Meteorologia) | Medium | Medium |
| 14 | Regional Water Authority (ARA Sul: Administração Regional de Águas) | Medium | High |
| 15 | National Fund for Sustainable Development (FNDS: Fundo Nacional de Desenvolvimento Sustentável) | Medium | High |
| 16 | National Energy Fund (FUNAE: Fundo de Energia) | Low | Medium |
| 17 | Investment and Assets Fund for Water Supply (FIPAG: Fundo de Investimento e Património do Abastecimento de Água) | Low | Medium |
| 18 | Eduardo Mondlane University (UEM) | Low | Medium |
| 19 | UNESCO | Low | Medium |
| 20 | Blue Deal | Low | Medium |
| 21 | IUCN | Low | Medium |
| 22 | UNICEF | Low | Medium |
| 23 | Coca Cola Company | Low | Low |
| 24 | Civil Society on Climate Change | Medium | Medium |
| 25 | Cervejas de Mozambique | Low | Low |
| 26 | Mozal Aluminium | Low | Low |

Notes:

- a) The Blue Deal Mozambique is a collaborative water governance initiative between the Dutch Water Authorities (DWA) and Mozambican institutions, launched in 2019. Its goal is to improve access to clean, safe, and sufficient water for 1 million people in Mozambique by 2030.
- b) The Coca-Cola Company operates in Mozambique through its subsidiary Coca-Cola Sabco Mozambique, which is part of Coca-Cola Beverages Africa- the largest Coca-Cola bottling partner on the continent.

- c) Civil society in Mozambique plays a growing and increasingly vital role in addressing climate change, despite facing challenges such as limited resources, and restricted policy access.
- d) Cervejas de Moçambique (CDM) is the largest beer brewing company in Mozambique, and a subsidiary of Anheuser-Busch InBev (AB InBev). It holds approximately 94% of the Mozambican beer market.
- e) Mozal Aluminium is one of Mozambique's most significant industrial enterprises and a cornerstone of its economic development. Type: Primary aluminium smelter, Electricity Use: Consumes 45% of Mozambique's electricity, Exports: Accounts for 30% of Mozambique's official exports, mainly aluminium ingots.

4 Capacity Needs Assessment

4.1 NDA Assessment, Gaps and Recommended Action

Table 2 is a summary of the NDA capacity assessment based on the results of the tools used, highlighting identified capacities and gaps/needs across key functional areas:

Table 2: NDA Capacity and Gaps Assessment

| Functional Area | Capacities | Gaps |
|---|---|---|
| Climate Change National Strategies | <ul style="list-style-type: none"> • Strong alignment with national strategies (LEDS, NAPs, GCF Country Programs). • Ability to review initiatives and ensure alignment with national priorities. • Tools/guidelines exist for aligning GCF investments. | <ul style="list-style-type: none"> • Country GCF programme is still under development |
| Stakeholder Analysis, Engagement & Coordination | <ul style="list-style-type: none"> • Stakeholder analysis and coordination mechanisms are in place. • Efforts to engage the private sector are ongoing. | <ul style="list-style-type: none"> • Private sector engagement mechanisms are only partially established. |
| Tracking, Monitoring & Evaluation | <ul style="list-style-type: none"> • Systems exist to track GCF-funded activities at the national level. • Capacity to monitor climate finance at national and subnational levels. | <ul style="list-style-type: none"> • No regional-level tracking. • Limited resources hinder effective implementation. |
| Communications & Knowledge Management | <ul style="list-style-type: none"> • Understanding of GCF operational procedures. • Database and platform for project documentation and | <ul style="list-style-type: none"> • No major gaps noted, but continuous improvement is implied. |

| Functional Area | Capacities | Gaps |
|--|---|---|
| | knowledge sharing are established. | |
| Environmental, Social & Governance (ESG) | <ul style="list-style-type: none"> Systems in place to integrate ESG issues into GCF programming. Capacity to review project impact assessments. | <ul style="list-style-type: none"> No specific gaps noted. |
| Direct Access Applications | <ul style="list-style-type: none"> Familiarity with GCF accreditation criteria. Capacity to assess and support direct access applications. | <ul style="list-style-type: none"> No specific gaps noted. |
| Infrastructure/Equipment | | <ul style="list-style-type: none"> Inadequate infrastructure and equipment. Need for additional support to strengthen operational capacity. |
| Decision Making | <ul style="list-style-type: none"> Senior-level focal person with decision-making authority. Functional team and advisory committee in place. | <ul style="list-style-type: none"> Need for more specialised expertise on the advisory committee. Training and experience-sharing needed to enhance decision-making. |
| Resource Mobilisation | <ul style="list-style-type: none"> Capacity to mobilize resources for readiness and operations. Ability to support stakeholders in accessing other climate funds. | <ul style="list-style-type: none"> No specific gaps noted, but sustainability of operations may require further support. |
| Human Skills & Competencies | <ul style="list-style-type: none"> Balanced gender representation in the staffing (10 men, 10 women). Some support for learning and skill development. | <ul style="list-style-type: none"> Need for training in climate finance. Language barriers (English) hinder proposal review. Continuous training and international experience exchange needed. |

Table 3 outlines key capacity gaps within the National Designated Authority (NDA) and proposes targeted development actions along with measurable indicators to track progress.

Table 3: Identified Capacity Gaps and Recommended Actions

| Capacity Gap | Recommended Action | Progress Indicator |
|--|--|---|
| Private Sector Engagement | <ul style="list-style-type: none"> Develop a comprehensive strategy for engaging the private sector. | <ul style="list-style-type: none"> Strategy document finalised and adopted. |
| Regional Monitoring of GCF Activities | <ul style="list-style-type: none"> Establish a robust Monitoring & Evaluation (M&E) system for GCF-funded and related activities at the regional level. | <ul style="list-style-type: none"> M&E system operational and documented. |
| Reporting on GCF-Funded Activities (Regional) | <ul style="list-style-type: none"> Enhance NDA staff capacity to report on GCF-funded activities. | <ul style="list-style-type: none"> Staff trained; training reports and attendance registers available. |
| Tracking Climate Finance (National & Sub-national) | <ul style="list-style-type: none"> Build NDA capacity to monitor climate finance flows across governance levels. | <ul style="list-style-type: none"> Staff trained; training documentation and registers maintained. |
| Infrastructure & Equipment | <ul style="list-style-type: none"> Provide IT equipment to support NDA operations. | <ul style="list-style-type: none"> IT equipment procured and deployed. |
| Limited Expertise in Key Areas | <ul style="list-style-type: none"> Conduct training for the Advisory Committee on GCF frameworks and climate finance. | <ul style="list-style-type: none"> Number of staff trained; training materials and reports available. |
| Understanding of GCF Processes | <ul style="list-style-type: none"> Train Advisory Committee on GCF processes and project management modalities. | <ul style="list-style-type: none"> Training completion documented; staff competency improved. |
| Support for Continuous Learning | <ul style="list-style-type: none"> Promote opportunities for staff to participate in learning events and apply new skills. | <ul style="list-style-type: none"> Number of exchange visits; visit reports compiled. |

4.2 DAE Assessment, Gaps and Recommended Action

FUNAE (Fundo Nacional de Energia / Energy Fund) is a public institution in Mozambique seeking accreditation as a Direct Access Entity (DAE) to the Green Climate Fund (GCF). **Table 4** assesses FUNAE's current capacities, identifies gaps, and outlines areas for improvement across five key categories aligned with GCF requirements.

Table 4: Identified Strengths and Gaps for FUNAE

| Category | Strength | Gaps |
|---|---|--|
| Institutional Capacity & Governance | <ul style="list-style-type: none"> FUNAE is legally established with a mandate to manage climate finance and has governance structures in place. | <ul style="list-style-type: none"> Oversight mechanisms require strengthening to meet GCF transparency standards. Need for enhanced expertise in climate finance and compliance. |
| Fiduciary Standards & Financial Management | <ul style="list-style-type: none"> Internal audit systems and financial reporting mechanisms exist. | <ul style="list-style-type: none"> Strengthening anti-fraud and corruption safeguards. Ensuring procurement systems meet international best practices. |
| Environmental & Social Safeguards (ESS) | <ul style="list-style-type: none"> Environmental and social guidelines are in place. | <ul style="list-style-type: none"> Formalization of a comprehensive ESS framework aligned with international standards. Systems for gender integration and community grievance redress need development. |
| Project Management & Implementation Capacity | <ul style="list-style-type: none"> Experience in renewable energy project implementation. | <ul style="list-style-type: none"> Limited capacity to manage large-scale, multi-sector climate initiatives. Need for robust monitoring, evaluation, and risk management systems. |
| Alignment with GCF Priorities & Country Needs | <ul style="list-style-type: none"> Projects contribute to national climate goals and NDCs. | <ul style="list-style-type: none"> Capacity to mobilize co-financing and private sector investment. Development of a financial sustainability strategy is needed. |

FUNAE demonstrates foundational strengths and potential to serve as a Direct Access Entity. However, targeted capacity development is essential in governance, fiduciary standards, ESS compliance, project management, and strategic alignment with GCF priorities to meet accreditation requirements.

Table 5 outlines the secondary capacity components required for FUNAE to strengthen its role as a DAE under GCF. These components complement the primary accreditation criteria and are essential for ensuring sustainability, transparency, and long-term impact in climate finance management.

Table 5: Identified Strengths and Gaps on Secondary Capacity Areas for FUNAE

| Component | Expected Capacities | Gaps |
|---|--|--|
| Knowledge Management & Capacity Development | <ul style="list-style-type: none"> Systems for documenting and sharing lessons learned. Internal training programmes in climate finance and project management. Strategic partnerships with academic and technical institutions. | <ul style="list-style-type: none"> No digital knowledge hub currently in place. Limited capacity for regular staff and stakeholder training. Need to formalise partnerships with universities and climate think tanks. |
| Financial Sustainability & Co-Financing Strategy | <ul style="list-style-type: none"> Mechanisms for sustainable financing beyond GCF (e.g., green bonds, carbon credits). Ability to attract domestic and international funding. Strategies to engage private sector investment. | <ul style="list-style-type: none"> Lack of established partnerships with impact investors and development banks. Absence of financial models to attract additional capital. Limited capacity to conduct feasibility studies for financial sustainability. |
| Risk Management & Compliance | <ul style="list-style-type: none"> Comprehensive risk management frameworks. Alignment with climate finance policies. Resilience strategies for economic and environmental disruptions. Anti-corruption and compliance mechanisms. | <ul style="list-style-type: none"> Risk management policies specific to climate finance are underdeveloped. No real-time project risk monitoring systems. Need for training on compliance, KYC (Know Your Customer), and AML (Anti-Money Laundering). |
| Monitoring, Evaluation & Impact Measurement (M&E) | <ul style="list-style-type: none"> Systems for tracking performance and impact. Use of digital tools (GIS, AI, ESG software) for real-time monitoring. Alignment with GCF impact indicators and reporting standards. | <ul style="list-style-type: none"> No centralized M&E dashboard. Lack of independent evaluation mechanisms. Need for staff training on GCF reporting and data management. |

| Component | Expected Capacities | Gaps |
|---------------------------|---|--|
| | <ul style="list-style-type: none"> • Transparent publication of performance reports. | |
| Gender & Social Inclusion | <ul style="list-style-type: none"> • Integration of gender equity and social inclusion in climate investments. • Tools to measure social benefits of projects. • Adherence to GCF gender mainstreaming requirements. | <ul style="list-style-type: none"> • No capacity for gender impact assessments. • Absence of gender-responsive budgeting training. • Gender and social inclusion policies are not yet formalised. |

While FUNAE demonstrates commitment to climate finance and project implementation, significant gaps remain in secondary capacity areas. Addressing these gaps will be critical for achieving full GCF accreditation and ensuring effective, inclusive, and sustainable climate action

Table 6 outlines additional institutional criteria that FUNAE must meet to strengthen its eligibility for DAE under GCF. These criteria go beyond core fiduciary, environmental, and governance standards, focusing on strategic alignment, institutional agility, and collaborative capacity.

Table 6: Additional Institutional Criteria for FUNAE

| Area | Expected Capacities | Gaps |
|--|--|---|
| Functional Relationship with the NDA | <ul style="list-style-type: none"> • Establish formal collaboration mechanisms with the NDA. • Maintain regular engagement through reporting and strategic dialogue. • Be recognised by the NDA as a key climate finance actor. | <ul style="list-style-type: none"> • No staff training on GCF and NDA procedures. • Need for a dedicated liaison function to manage NDA interactions. • NDA engagement strategy is required to streamline approvals. |
| Strategic Alignment with National Climate and Development Priorities | <ul style="list-style-type: none"> • Implement projects aligned with national climate strategies and development goals. • Contribute to sustainable development, job creation, and poverty reduction. | <ul style="list-style-type: none"> • Absence of a national alignment checklist. • No system in place to assess project alignment with national frameworks. |

| Area | Expected Capacities | Gaps |
|--|---|--|
| Agility to Amend and Develop New Policies | <ul style="list-style-type: none"> Ability to revise policies in response to evolving climate finance regulations and risks. Alignment of internal policies with national and international frameworks. | <ul style="list-style-type: none"> No formal workflow for policy amendments. Lack of a policy review committee for regular updates. |
| Ability to Scale and Replicate Climate Investments | <ul style="list-style-type: none"> Frameworks to replicate successful climate finance models. Partnerships with private sector and financial institutions to expand impact. | <ul style="list-style-type: none"> Strategic growth intent not clearly documented. Limited partnerships with financial institutions for scaling investments. |

FUNAE has made progress toward GCF accreditation but must address several strategic and operational gaps to demonstrate full institutional readiness. Strengthening its relationship with the NDA, aligning with national priorities, enhancing policy agility, and building scalable investment frameworks are critical next steps.

Table 7 presents a summary of the capacity assessment findings for FUNAE in its role as a potential DAE to the GCF. It identifies key capacity gaps and outlines recommended development actions, along with indicators to monitor progress.

Table 7: Identified Capacity Gaps and Recommended Actions

| Capacity Gap | Recommended Action | Progress Indicator |
|--|--|--|
| Limited understanding of GCF and NDA procedures | <ul style="list-style-type: none"> Conduct targeted training on GCF frameworks and procedural requirements. | <ul style="list-style-type: none"> Number of staff trained Training materials Attendance register Pre/post-course evaluations and follow-up surveys Training report |
| Weak governance structures for transparency and accountability | <ul style="list-style-type: none"> Strengthen oversight mechanisms through governance-focused training. | <ul style="list-style-type: none"> Number of staff trained Training materials Attendance register Training report |

| Capacity Gap | Recommended Action | Progress Indicator |
|---|---|---|
| Insufficient expertise in climate finance, project management, and compliance | <ul style="list-style-type: none"> Build technical capacity in these areas through specialized training. | <ul style="list-style-type: none"> Number of staff trained Training materials Attendance register Training report |
| Limited capacity to manage large-scale, multi-sector climate initiatives | <ul style="list-style-type: none"> Enhance institutional capacity to implement complex climate projects. | <ul style="list-style-type: none"> Number of staff trained Training materials Attendance register Training report |

4.3 Executing Entities Assessment, Capacities and Gaps

4.3.1 National Institute of Meteorology

Table 8 presents an assessment of the institutional readiness of the National Institute of Meteorology (INAM) as a potential Executing Entity (EE) for GCF projects. It evaluates INAM's capacities across key functional areas and identifies gaps that need to be addressed to meet GCF standards.

Table 8: Institutional Readiness of INAM

| Area | Expected Capacities | Gaps |
|---|--|--|
| GCF Operational Modalities & Strategic Alignment | <ul style="list-style-type: none"> Staff are trained to support planning and implementation of GCF-funded activities. Capacity to engage stakeholders in project development exists. | <ul style="list-style-type: none"> Limited understanding of GCF operational modalities. Superficial knowledge of country-specific GCF procedures. |
| GCF Project Development (Concept Notes & Proposals) | <ul style="list-style-type: none"> Personnel trained in preparing concept notes and proposals. Ability to identify Accredited Entities (AEs) and engage stakeholders. | <ul style="list-style-type: none"> Training needs refreshing due to time lapse. Limited capacity to mobilize co-financing and align projects with NDCs and NAPs. |
| Project Management & Implementation | <ul style="list-style-type: none"> Demonstrated experience in executing climate-related projects. Stakeholder engagement strategies are in place. | <ul style="list-style-type: none"> No formal system for identifying, assessing, and mitigating project risks. |

| Area | Expected Capacities | Gaps |
|---|--|---|
| Monitoring, Evaluation & Impact Measurement (M&E) | <ul style="list-style-type: none"> Systems and tools for tracking project performance and reporting outcomes are available. | <ul style="list-style-type: none"> Lack of understanding of GCF's results framework. Limited use of advanced digital tools (e.g., GIS, AI) for real-time monitoring. |
| Environmental & Social Safeguards (ESS) | <ul style="list-style-type: none"> Grievance mechanisms are in place for community concerns. | <ul style="list-style-type: none"> No formal framework for environmental and social risk management. Limited capacity to integrate gender equality and social equity into projects. |

INAM shows potential as a GCF Executing Entity, with foundational strengths in project execution and stakeholder engagement. However, targeted capacity building is needed in GCF operational understanding, risk management, gender integration, and environmental safeguards to meet full accreditation requirements.

4.3.2 Disaster Risk Management Institute

Table 9 evaluates the institutional capacity of the Disaster Risk Management Institute (INGD) as a potential EE for GCF projects. It assesses INGD's readiness across key functional areas and identifies capacity gaps that need to be addressed to meet GCF standards.

Table 9: Institutional Readiness of INGD

| Area | Expected Capacities | Gaps |
|---|---|--|
| GCF Operational Modalities & Strategic Alignment | <ul style="list-style-type: none"> Staff are trained to support planning and implementation of GCF-funded activities. Capacity to engage stakeholders in project development and execution. | <ul style="list-style-type: none"> Limited understanding of GCF country operational modalities. |
| GCF Project Development (Concept Notes & Proposals) | <ul style="list-style-type: none"> Ability to identify and engage Accredited Entities (AEs). Capacity to mobilize and collaborate with academic institutions. | <ul style="list-style-type: none"> Lack of trained personnel to prepare concept notes and funding proposals. Limited awareness of climate finance architecture and procedures. |

| Area | Expected Capacities | Gaps |
|---|--|--|
| Project Management & Implementation | <ul style="list-style-type: none"> • Demonstrated experience in executing climate-related projects. • Established stakeholder engagement strategies. • Systems in place for risk identification and mitigation. | <ul style="list-style-type: none"> • No major gaps noted in this category. |
| Monitoring, Evaluation & Impact Measurement (M&E) | <ul style="list-style-type: none"> • Frameworks and tools exist for tracking project performance and reporting outcomes. | <ul style="list-style-type: none"> • Limited understanding of GCF's results framework. • Need to enhance use of digital tools (e.g., GIS, AI) for real-time monitoring. |
| Environmental & Social Safeguards (ESS) | <ul style="list-style-type: none"> • Capacity to integrate gender equality and social equity in climate projects. • Accessible grievance mechanisms for community concerns. | <ul style="list-style-type: none"> • No formal framework for environmental and social risk management. • Lack of alignment with international ESS standards (e.g., IFC Performance Standards). |

INGD demonstrates strong foundational capabilities in project execution, stakeholder engagement, and risk management. However, to fully meet GCF requirements, it must strengthen its understanding of GCF operational modalities, improve project development capacity, and formalize environmental and social safeguards.

4.3.3 PNOSCMC

Table 10 provides a review of the institutional capacity of the Plataforma Nacional das Organizações da Sociedade Civil sobre Mudanças Climáticas (PNOSCMC: National Platform of Civil Society Organizations on Climate Change), as a potential EE for GCF projects. It evaluates PNOSCMC's readiness across key functional areas and identifies capacity gaps that need to be addressed to meet GCF standards.

PNOSCMC is a national civil society platform in Mozambique focused on climate change advocacy, coordination, and action. Its currently secretariat is Livaningo, a Mozambican NGO dedicated to environmental protection, social justice, and community well-being.

Table 10: Institutional Readiness of PNOSCMC

| Area | Expected Capacities | Gaps |
|---|--|---|
| GCF Operational Modalities & Strategic Alignment | <ul style="list-style-type: none"> Staff are trained to support planning and implementation of GCF-funded activities. Capacity to engage stakeholders in project development and execution. | <ul style="list-style-type: none"> Limited depth of understanding of GCF operational modalities, especially regarding civil society access to climate finance. |
| GCF Project Development (Concept Notes & Proposals) | <ul style="list-style-type: none"> Livaningo has trained personnel capable of preparing concept notes in coordination with platform members. Existing networks to identify Accredited Entities (AEs). | <ul style="list-style-type: none"> Need to expand capacity and networks to better identify and engage AEs. Limited evidence of stakeholder mobilization during project development. |
| Project Management & Implementation | <ul style="list-style-type: none"> Demonstrated experience in implementing climate-related projects. Established stakeholder engagement strategies. Systems in place for risk identification and mitigation. | <ul style="list-style-type: none"> No major gaps noted in this category. |
| Monitoring, Evaluation & Impact Measurement (M&E) | <ul style="list-style-type: none"> Systems and tools exist for tracking project performance and reporting outcomes. | <ul style="list-style-type: none"> Limited understanding of GCF's results framework. Need to enhance use of digital tools (e.g., GIS, AI) for real-time monitoring and impact assessment. |
| Environmental & Social Safeguards (ESS) | <ul style="list-style-type: none"> Frameworks for environmental and social risk management are in place. Capacity to integrate gender equality and social equity in climate projects. Accessible grievance mechanisms for community concerns. | <ul style="list-style-type: none"> No major gaps noted, but continued strengthening of ESS compliance is recommended. |

PNOSCMC, through Livaningo, demonstrates strong foundational capabilities in project development, stakeholder engagement, and environmental and social safeguards. To fully meet GCF requirements, the platform should deepen its understanding of GCF modalities, expand its networks for project partnerships, and enhance its monitoring and evaluation systems.

Table 11 summarizes the findings of a capacity assessment conducted for various EEs involved in climate finance implementation under the GCF framework. It identifies key capacity gaps across stakeholder categories—government, private sector, and civil society (NGOs)—and outlines recommended actions to strengthen institutional readiness and effectiveness.

Table 11: Identified Capacity Gaps and Recommended Actions by Stakeholder Category

| Stakeholder Category | Recommended Action | Progress Indicator | |
|----------------------------|--|---|---|
| Government (Public Sector) | <ul style="list-style-type: none"> • Limited understanding of GCF operational modalities and project results framework. • Insufficient capacity to prepare concept notes (CNs) and funding proposals. • Lack of frameworks for risk assessment and mitigation. • Limited evidence of successful climate project implementation. • Gaps in applying GCF Environmental & Social Safeguards (ESS). | <ul style="list-style-type: none"> • Conduct training on GCF operational modalities and frameworks. • Build capacity for CN and proposal development. • Train on GCF results framework and ESS compliance. | <ul style="list-style-type: none"> • Number of staff trained. • Availability of training materials. • Attendance registers. • Training reports. |
| Private Sector | <ul style="list-style-type: none"> • Limited understanding of GCF modalities and project results framework. • Inadequate capacity to develop CNs and funding proposals. | <ul style="list-style-type: none"> • Provide targeted training on GCF frameworks and proposal development. | <ul style="list-style-type: none"> • Number of staff trained. • Training materials and documentation. |
| Civil Society (NGOs) | <ul style="list-style-type: none"> • Incomplete understanding of GCF country operational modalities. • Limited familiarity with GCF project results framework. | <ul style="list-style-type: none"> • Deliver training on GCF operational modalities and results framework. | <ul style="list-style-type: none"> • Number of staff trained. • Training materials and reports. |

To ensure effective participation in GCF-funded initiatives, all stakeholder groups require targeted capacity-building interventions. Priority areas include procedural knowledge, proposal development, results-based management, and compliance with environmental and social safeguards.

5 Capacity Development Strategy

5.1 Trainings

Considering the timeline and limited budget allocated for the GCF Readiness Project, it appears that training should be prioritised as key capacity development strategies. This approach will enhance the 'capacity building' impact of training by reaching larger numbers of staff from NDA, DAEs, and EEs. The strategy should be to bring representatives from the 3 sectors (NDA, DAEs, EEs) for joint training. This can help equalise the level of knowledge that institutions have about GCF. Joint training may also result in closer working ties between organizations for further collaborations.

5.2 Tools and knowledge sharing

Effective knowledge sharing is crucial to the long-term capacity-building of the NDA, DAEs, and EEs to ensure the sustainability of the institutions. From the assessment, evidence showed a lack of tools and knowledge sharing practices between the institutions. Institutions should be incentivised to promote knowledge sharing at the local level and among them.

Although Mozambique is one of the countries most affected by extreme events caused by climate change, it still does not have approved AEs and has practically not been able to prepare projects for GCF financing. Therefore, the exchange visits with other countries that are a reference in the implementation of GCF projects or that are very advanced in terms of accreditation of institutions should be considered a key capacity-building strategy.

5.3 Technical Assistance

Technical Assistance is required to speed up the process of accreditation of entities.

6 Capacity Development Plan

6.1 Capacity Development Plan for the NDA

Table 12 outlines a structured capacity development plan for the NDAs to enhance its effectiveness in coordinating and managing GCF activities. The plan includes targeted actions, implementation strategies, responsible parties, timelines, and estimated budgets.

This plan provides a clear roadmap to strengthen the institutional and technical capacity of the NDA, enabling it to effectively engage stakeholders, manage climate finance, and align with GCF requirements. The approach emphasizes collaboration, targeted training, infrastructure support, and international knowledge exchange.

Table 12: Capacity Development Actions for the NDA

| Area | Development Action | Strategy/Approach | Responsible | Timeline | Budget (US\$) |
|---------------------------|---|--|---|---|--|
| Private Sector Engagement | <ul style="list-style-type: none"> Develop a private-sector engagement strategy. | <ul style="list-style-type: none"> Draft Terms of Reference (TOR), hire consultant, develop strategy, and facilitate exchange visits with countries experienced in private-sector engagement. | <ul style="list-style-type: none"> GWPSA/NDA | <ul style="list-style-type: none"> May–Oct 2025 | <ul style="list-style-type: none"> 14,000 |
| Climate Finance Tracking | <ul style="list-style-type: none"> Strengthen NDA capacity to track climate finance at national and sub-national levels. | <ul style="list-style-type: none"> Hire climate finance experts to conduct joint training with DAEs and EEs; prepare TORs. | <ul style="list-style-type: none"> GWPSA/NDA | <ul style="list-style-type: none"> May–Oct 2025 | <ul style="list-style-type: none"> 10,000 |
| Infrastructure Support | <ul style="list-style-type: none"> Provide IT equipment (e.g., laptops, screens, routers). | <ul style="list-style-type: none"> Identify needs, obtain quotations, and procure equipment. | <ul style="list-style-type: none"> GWPSA/NDA | <ul style="list-style-type: none"> May–Aug 2025 | <ul style="list-style-type: none"> 3,500 |
| Knowledge Exchange | <ul style="list-style-type: none"> Facilitate experience-sharing with other countries. | <ul style="list-style-type: none"> Identify learning opportunities to build technical and soft skills. | <ul style="list-style-type: none"> GWPSA/NDA | <ul style="list-style-type: none"> June–Aug 2025 | <ul style="list-style-type: none"> 10,000 |

| Area | Development Action | Strategy/Approach | Responsible | Timeline | Budget (US\$) |
|-----------------------------|---|--|-------------|---|---|
| Advisory Committee Training | <ul style="list-style-type: none"> Train six NDA Advisory Committee members on GCF frameworks (e.g., hydrology, climate, finance). | <ul style="list-style-type: none"> Develop concept note and budget, organize training sessions, and engage international experts if needed. | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 8,000 |

Table 13: Capacity Development Actions for the DAEs

| Area | Development Action | Strategy/Approach | Responsible | Timeline | Budget (US\$) |
|------------------------------|--|---|-------------|---|---|
| GCF Frameworks | <ul style="list-style-type: none"> Train DAEs on GCF operational frameworks. | <ul style="list-style-type: none"> Develop concept note and budget, send invitations, organize training sessions; GWPSA or international expert to deliver training. | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 6,000 |
| Climate Finance & Compliance | <ul style="list-style-type: none"> Build capacity in climate finance, project management, and compliance. | <ul style="list-style-type: none"> Same approach as above. | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 6,000 |
| Risk Management | <ul style="list-style-type: none"> Train DAEs on frameworks for identifying and mitigating risks aligned with international standards | <ul style="list-style-type: none"> Same approach as above. | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 6,000 |

| Area | Development Action | Strategy/Approach | Responsible | Timeline | Budget (US\$) |
|------------------------|--|---|-------------|---|---|
| Project Implementation | <ul style="list-style-type: none"> Strengthen capacity to manage large-scale, multi-sectoral climate initiatives. | <ul style="list-style-type: none"> Same approach as above. | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 6,000 |

Table 14: Capacity Development Actions for the Other Stakeholders and EEs

| Area | Development Action | Strategy/Approach | Responsible | Timeline | Budget (US\$) |
|--|---|---|-------------|---|--|
| GCF Modalities & Results Frameworks. | <ul style="list-style-type: none"> Train EEs on GCF operational modalities and results-based frameworks. | <ul style="list-style-type: none"> Develop concept note and budget, send invitations, organize training sessions; GWPSA or international expert to deliver training. | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 15,000 |
| Project Development | <ul style="list-style-type: none"> Train EEs on preparing Concept Notes (CNs) and funding proposals for climate finance. | <ul style="list-style-type: none"> GWPSA's pipeline development specialist to lead training; concept note and budget to be prepared. | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 15,000 |
| Environmental & Social Safeguards (ESS). | <ul style="list-style-type: none"> Build capacity on GCF ESS compliance. | <ul style="list-style-type: none"> Develop concept note and budget, organize training; GWPSA or | • GWPSA/NDA | <ul style="list-style-type: none"> June–Nov 2025 | <ul style="list-style-type: none"> 15,000 |

| Area | Development Action | Strategy/Approach | Responsible | Timeline | Budget (US\$) |
|------|--------------------|--|-------------|----------|---------------|
| | | international expert to deliver sessions. | | | |

6.2 Capacity Development Plan for the DAEs

Table 13 outlines targeted capacity-building actions for DAEs to strengthen their institutional readiness and operational effectiveness in accessing and managing GCF resources. The plan includes strategic interventions, responsible parties, timelines, and budget allocations.

The plan provides a structured approach to enhance the technical and strategic capacities of DAEs, enabling them to effectively engage with the GCF and implement impactful climate projects. The use of expert-led training and collaborative planning ensures relevance and sustainability of the interventions.

6.3 Capacity Development Plan for Other Stakeholders and Executing Entities EEs

Table 14 outlines targeted capacity-building interventions for Executing Entities (EEs) involved in climate finance implementation under the Green Climate Fund (GCF) framework. The focus is on strengthening institutional knowledge, technical skills, and compliance with GCF standards. The plan includes strategic actions, implementation approaches, responsible parties, timelines, and budget estimates.

This plan provides a structured approach to enhance the readiness of Executing Entities to engage effectively with the GCF. By focusing on operational knowledge, project development, and safeguard compliance, the interventions aim to build a robust pipeline of climate projects and ensure alignment with international standards.

7 Conclusion

In general, all institutions assessed demonstrated limited knowledge of GCF frameworks, except the NDA. No institution is experienced in implementing GCF projects. This confirms the narrative that African countries have limited capacity to prepare proposals for climate finance.

The most appropriate interventions to address the identified capacity gaps could be training and exchanging experience. The training can include workshops, online courses, and on-the-job training. On Exchanging experience will can be done between countries. Countries more advanced in GCF frameworks and with direct entities fully established can support others and share their experiences.