GREEN CLIMATE FUND: BACKGROUND

- Financial mechanism of the UNFCCC
- Independent secretariat and 24 member board – 12 DCs
- 50:50 balance between mitigation and adaptation
- Private Sector Facility to leverage private sector capital
- Funds to be delivered through accredited intermediaries
- Proposals selected through competitive process based on 6 key criteria (similar to UK-German Facility criteria)
Decisions at Barbados resolved many key issues for contributors

- $3 billion USD in pledges to date
- $8-10 billion USD expected by November 2014

Board decisions on first proposals “no later than 3rd meeting in 2015 (expected in fall)

Board needs to obligate 60% (at least $5 billion) by end of 2017 to get pledges for next round. This translates to:

- 25 $40 million projects = $1 billion/year
- 5 $200 million programs = $ 1 billion /year
- Or 50 projects and 15 programs = $ 5 billion
KEY DECISION: ACCREDITATION

GCF will disburse funds through accredited intermediaries who will structure financial mechanisms for proposals selected by board

- Secretariat to open call for submissions for intermediaries seeking accreditation by mid-November,
- Decisions as early as Feb ‘15 Bd mtg

- **Fast tracking** will give priority to entities accredited by GEF, Adaptation Fund and EU’s Devco
  - Board has identified and will assess certain gaps in fiduciary and ESS standards from each existing fund
- Key goal is to accredit national, subnational and private sector intermediaries from developing countries
• **Fit-for-purpose approach** will lower the barriers for national entities to access Fund resources directly by allowing entities to apply for different levels of accreditation based on:
  
  » nature and scale of intended activities (under $10 m, $10-50m, $50-250m, >250m)
  
  » Grant making, technical assistance, different types of financing
  
  » Capacity to handle environment, fiduciary and social risks

  – Assessment of ability to handle risks based on entity’s track record and demonstrated ability to manage projects of a given risk level

• Secretariat will also launch a pilot phase for **enhanced direct access**
  
  – Devolution of funding decisions and management to recipient country institutions.
Determined at the 7th meeting, lays the foundation for competitive selection process of proposals

- Six criteria reward ambitious and transformational proposals in the context of sustainable development

- Secretariat developing relevant indicators to objectively assess proposals

- No decision by Board in Barbados regarding development of policy benchmarks to rate proposals

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
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<tbody>
<tr>
<td>Impact potential</td>
<td>Mitigation and adaptation impact</td>
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<tr>
<td>Paradigm shift potential</td>
<td>Impact beyond a one-off project/program investment</td>
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<td>Sustainable development potential</td>
<td>Wider benefits and priorities (economic, social and environmental)</td>
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<td>Needs of the recipient</td>
<td>Vulnerability and financing needs of beneficiary country and population</td>
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<td>Country ownership</td>
<td>Beneficiary country ownership of and capacity to implement a funded project or program</td>
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<td>Efficiency and effectiveness</td>
<td>Economic and financial soundness of program or project</td>
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Enables effective monitoring of Fund’s impact over time

• Lays groundwork for creation of Board-level investment portfolios with a focus on opportunities that:
  – Ensure paradigm shift to low-carbon development
  – Address gaps in existing climate finance support
OPPORTUNITY FOR NAMAS

• The Fund offers significant new source of NAMA funding

• **Existing pipeline:** NAMAs that couple broad-based climate action with sustainable development objectives should be well-positioned to win GCF support
  – Eg Larger proposals seeking Germany-UK NAMA Facility support

• **Increasing the pipeline:** Countries should develop strong national and sector-wide NAMA proposals that align with GCF investment criteria
  – Speedy preparation needed to benefit from anticipated 2015 deployment of funds
  – GCF readiness support can help
  – NAMAs can leverage additional funding through newly approved financial mechanisms such as equity and guarantees to be designed and approved by intermediaries
GCF PROCESSES: PROJECT AND PROGRAM ACTIVITY CYCLE

0. Country work program (voluntary) (NDA)

I. Call for funding (Secretariat)

II. Concept note development (voluntary) (IE, intermediary or EE)
   Feedback from Secretariat

III. No-Objection (NDA)
    Funding proposal submission to Secretariat (IE/intermediary)

IV. Analysis and recommendation to Board
    (Secretariat and tech advisory panel)

V. Board decision (Board, Secretariat)

VI. Legal arrangements (secretariat and IE/intermediary)
    Letter of commitment (Interim trustee)
Board committed up to US $30 million to help prepare developing countries to effectively engage with the Fund – capped at $1 million per country

This includes:

- Development of country work programs compatible with exiting national climate policy frameworks, including NAMAs
- Development of initial pipelines of project and program proposals
- Support for DNAs and/or country focal points, and preparing domestic entities for accreditation
- Can be carried out by national, subnational, regional and international entities selected by DNA or Secretariat in case of regional or international ones
GCF PROCESSES: NATIONAL DESIGNATED AUTHORITY

- Countries may designate an NDA as primary liaison with GCF

**NDA best practices:**
- Should be placed in ministry with authority and overview of national priorities, strategies and budget
- Should be familiar with mitigation and adaptation needs, relevant institutions and stakeholders
- Country can appoint temporary focal point while selecting an NDA

**NDA roles:**
- No-objection procedure
- Stakeholder engagement
- Develop country work programs compatible with exiting national frameworks,
- Develop project/program pipelines
- Support domestic entities to meet GCF accreditation standards
• **Up to $300,000 USD** of direct support available to establish NDA and readiness activities – 50% earmarked for LDCs/SIDS/Africa
  • Available on the basis of need and demand

• **Funding proposals** must lay out information on the objectives, activities, outputs, implementation approach, and estimated costs

• **Delivery partners:**
  • NDA can select delivery partners for readiness support
  • Delivery partners may have to be accredited by Secretariat – process TBD
  • Secretariat may enter into MOUs w/ regional/intl entities
THANK YOU

For more information, please visit us at www.ccap.org.