

GREEN CLIMATE FUND

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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)
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GCF READY FOR CAPITALIZATION AND RESOURCE DEPLOYMENT

- 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)
 - Bd 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
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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
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- **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.

KEY DECISION: INVESTMENT FRAMEWORK

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

Criteria	Description
Impact potential	Mitigation and adaptation impact
Paradigm shift potential	Impact beyond a one-off project/program investment
Sustainable development potential	Wider benefits and priorities (economic, social and environmental)
Needs of the recipient	Vulnerability and financing needs of beneficiary country and population
Country ownership	Beneficiary country ownership of and capacity to implement a funded project or program
Efficiency and effectiveness	Economic and financial soundness of program or project

KEY DECISION: RESULTS MANAGEMENT FRAMEWORK

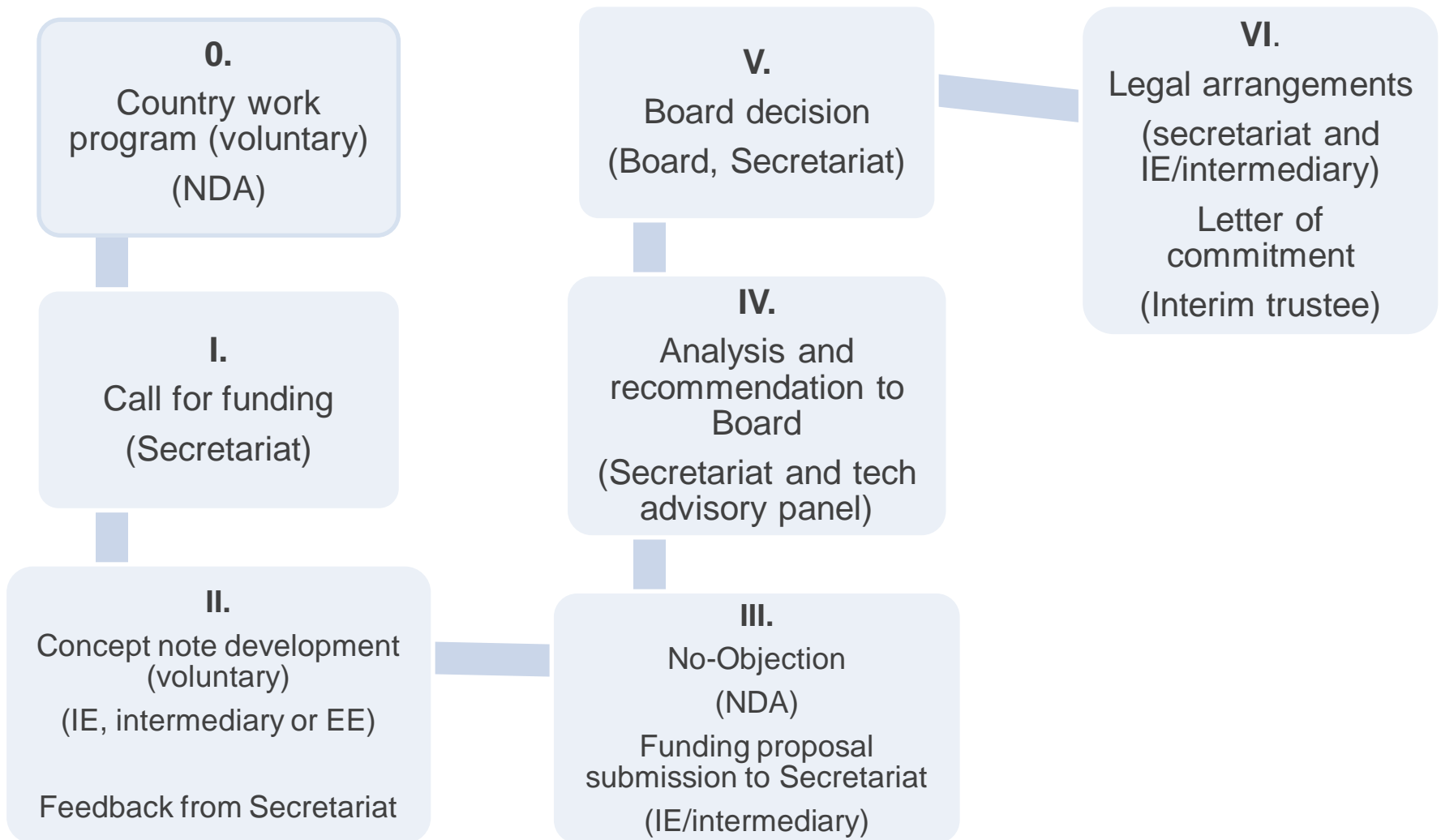
Enables effective monitoring of Fund's impact over time

- 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
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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
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GCF PROCESSES: PROJECT AND PROGRAM ACTIVITY CYCLE



KEY DECISION: READINESS SUPPORT

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 existing 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
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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

GCF PROCESSES: NATIONAL DESIGNATED AUTHORITY

- **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
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THANK YOU

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