



GREEN CLIMATE FUND

HOW FUNDING IS DECIDED

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<http://bit.ly/1oqC8GE>

» **HOW ARE FUNDING PROPOSALS INITIATED AND DEVELOPED?**

There are no restrictions on whom or what kind of organization can come up with an idea for a Green Climate Fund (GCF) funding proposal. Activities can be proposed by organizations based in developed or developing countries, but only an approved GCF partner can actually submit a proposal. There are 33 of these “accredited entities” so far (see <http://bit.ly/1q3ab88>), ranging from multilateral banks to government ministries, with dozens more currently considering accreditation. Other organizations must work with accredited entities to develop their proposals. For example, an unaccredited government ministry may work with a GCF-accredited multilateral development agency to develop a proposal, or an unaccredited civil society organization or cooperative may work with a GCF-accredited commercial bank.

» **WHAT ACTIVITIES WILL THE GCF FUND?**

GCF proposals must correspond to at least one of the Fund’s strategic priorities, which are very broadly defined. The GCF aims to provide half of its funding to mitigation activities (reducing greenhouse gas emissions), including energy generation and access; transport; buildings, cities, industries, and appliances; forests and land use. The other half of GCF funding should focus on adaptation to the impacts of climate change, with a focus on the increased resilience of: health, food, and water security; livelihoods of people and communities; infrastructure and built environment; and ecosystems and ecosystem services.

» **HOW ARE PROPOSALS SUBMITTED?**

Accredited entities submit funding proposals. All funding proposals must be accompanied by a “letter of no objection” submitted by the host country’s National Designated Authority or focal point (these are usually within government

departments). The letter provides assurance that the host government does not object to the funding proposal, and that the proposal conforms to national priorities, strategies, plans, laws, and regulations. In the case of funding proposals that involve programmes (rather than just projects), the no-objection must apply to all projects and activities.

» **HOW ARE PROPOSALS EVALUATED?**

The GCF Secretariat first checks proposals to ensure that they are complete, then assesses them for compliance with GCF policies, including environmental and social safeguards, fiduciary standards, and gender policy. The Secretariat also assesses the proposal against the GCF’s Investment Framework

The Secretariat then provides its assessment to an Independent Technical Advisory Panel (ITAP), which provides recommendations to the Board based on the GCF’s Initial Investment Framework. These includes six criteria – impact potential, paradigm shift potential, sustainable development potential, the needs of the recipient (both the host country and those affected by the activity), country ownership, efficiency and effectiveness.

The GCF Investment Framework should be implemented according to a series of more technical sub-criteria. However, there is no specific methodology for weighting criteria based on importance or a quantitative scoring/scaling system.

The assessments from the GCF Secretariat and ITAP are all shared with the Board, along with a recommendation from the Secretariat as to whether it thinks an activity should receive funding. The ITAP assessment and original funding proposals (or summaries of these) are shared publicly on the GCF website three weeks before Board meetings.

To date, the GCF has only submitted eight funding proposals to the Board, all of which were approved in November 2015, so it is difficult to discern exactly how the Investment Framework will be used in practice to evaluate funding proposals.

» WHO DECIDES IF PROPOSALS WILL BE FUNDED?

The GCF Board decides on funding proposals at meetings that happen three or four times per year. The Board can also provide conditional approval, pending modifications to the proposal, or reject proposals outright. Decisions are taken on the basis of consensus. Once a proposal is approved, legal arrangements are made so that the proposal can move into the implementation stage. If a funding proposal is rejected, the host country could request reconsideration of the Board's decision via the Fund's Independent Redress Mechanism (an appeals panel set up for this purpose, amongst others).

» IS HELP AVAILABLE TO DEVELOP FUNDING PROPOSALS?

National Designated Authorities and focal points, whose role is to ensure consistency GCF activities and countries' own plans, may request "readiness support" from the GCF Secretariat to help develop project pipelines (a roster of activities that might need financing). Additionally, an accredited entity or executing entity (i.e. the entity that carries out the project) may submit a concept note to the GCF Secretariat to receive early feedback and recommendations on a potential funding proposal. Concept notes are voluntary.

» WHEN ARE PROPOSALS GENERATED?

Funding proposals can be generated at any time. The GCF Secretariat anticipates that its own review and the ITAP assessment will take up to eight weeks in total, but is currently reviewing ways to streamline and simplify the proposal approval process. In addition, the environmental and social impact assessments of projects and programmes must be made publicly available for 30 days in the case of "medium" risk activities (category B), and 120 days for those deemed "high" risk (category A) before a decision on the proposal is made. Proposals are then put to the GCF Board, which meets three to four times per year.

Alternatively, an organization may respond to a public call for specific types of proposals. For example, in 2016, a request for proposals is expected to be issued for private sector funding of micro, small and medium enterprise activities. Organizations are expected to become accredited as GCF entities in advance of implementing these proposals if they have not already done so.

» HOW CAN COMMUNITIES AND CIVIL SOCIETY GROUPS HAVE A SAY?

The GCF should be a country-driven fund, meaning that it supports proposals that cohere with national climate strategies that have been developed with the involvement of civil society. There should also be consultation on project proposals at an early stage of their development – in theory, this is one of the criteria that is considered before a "no objection" letter is issued, although it remains to be seen if that happens in practice. Accredited entities are also supposed to check that a stakeholder engagement and disclosure process is in place before submitting a project for funding, and the ITAP should verify this. The GCF Board has issued "best practice" guidance on consultation, but this guidance is not mandatory.



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