Introduction to the Green Climate Fund

Stephanie Kwan

Adaptation Fund Climate Finance Readiness Seminar for NIEs #2

The Green Climate Fund
The Green Climate Fund

Operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) established at the 16th Conference of Parties in 2010

Centrepiece of long-term finance under UNFCCC

Fund’s headquarters opened in December 2013 in Songdo, Republic of Korea
Objectives of the Green Climate Fund

The Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC).

In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.
• Geographic balance
• Significant allocation to Private Sector Facility
• Sufficient resources for readiness activities
• Grant equivalent term
The Fund’s Six High-level Investment Criteria*

- **Impact potential**: Potential of the programme/project to contribute to the achievement of the Fund’s objectives and result areas.

- **Paradigm shift potential**: Degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment.

- **Sustainable development potential**: Wider benefits and priorities, including environmental, social, and economic co-benefits as well as gender-sensitive development impact.

- **Responsive to recipients needs**: Vulnerability and financing needs of the beneficiary country and population in the targeted group.

- **Promote country ownership**: Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions).

- **Efficiency & effectiveness**: Economic and, if appropriate, financial soundness of the programme/project, and for mitigation-specific programmes/projects, cost-effectiveness and co-financing.

* The Fund has adopted its initial activity-specific sub-criteria and assessment methodologies.
What kind of projects/programmes are we looking for?

Can be public or private sector projects/programmes that have one or more impacts in:

- **Energy generation and access**
- **Transport**
- **Buildings, cities, industries and appliances**
- **Forests and land use**
- **Health, food and water security**
- **Livelihoods of people and communities**
- **Ecosystems and ecosystem services**
- **Infrastructure and built environment**
- **Increased resilience of**
Access to Green Climate Fund resources

• Through a country-driven approach, the National Designated Authority (NDA) of a country can identify the strategy by which it will address climate change, and provide broad strategic oversight of the Fund’s activities in the country.

• Access to Fund resources to undertake climate change projects/programmes will be through accredited national, regional and international implementing entities and intermediaries.

• Entities seeking accreditation to the Fund in order to access its resources will be assessed against the Fund’s fiduciary principles and standards, environmental and social safeguards (ESS) and gender policy.
**Fund’s fiduciary standards, ESS and gender policy**

**Basic Fiduciary Standards**
- Key administrative and financial capacities
- Transparency and accountability

**Specialized Fiduciary Standards**
- Project management
- Grant award and/or funding allocation mechanisms
- On-lending and/or blending

**Gender Policy**
- Policies, procedures, and competencies

**Environmental and Social Safeguards (ESS)**

**Institutional ESMS policy-level:**
- **✓ Performance Standard (PS) 1:** Assessment and management of relevant PS1-8 environmental and social risks and impacts through an environmental and social management (ESMS)

**Project-level:**
- **✓ PS2:** Labor and working conditions
- **✓ PS3:** Resource efficiency and pollution prevention
- **✓ PS4:** Community health, safety & security
- **✓ PS5:** Land acquisition & involuntary resettlement
- **✓ PS6:** Biodiversity conservation & sustainable management of living natural resources
- **✓ PS7:** Indigenous peoples
- **✓ PS8:** Cultural heritage

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* For more details, refer to the [initial guiding accreditation framework], fiduciary standards, ESS and gender policy.
Who can apply for accreditation?

All entities, including international, regional, national and subnational and public and private entities, can apply for accreditation through one of two modes of access:

Direct access modality: for regional, national and sub-national entities.

- Obtain the nomination for accreditation from the NDA or focal point designated from their country/countries
- May be eligible to receive readiness and preparatory support in terms of capacity-building in order to meet the Fund’s accreditation requirements

International access modality: for international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions

Fees for the application for accreditation will be paid by the entity at the time of submission of the application
Robust and rigorous accreditation process fit for an entity’s purpose

Application received

Stage I
Completeness check

Stage II (Step 1)
Review

Stage II (Step 2)
Board decision

Stage III
Legal arrangements
Can my entity apply for accreditation?

1. **Legal personality:** is your entity a legally established entity with its own legal personality?

2. **Institutional system:** what are your policies, procedures, guidelines, etc. at the organizational level?

3. **Track record:** can you demonstrate that these policies, procedures, guidelines, etc. are implemented?
Entities will be accredited with certain fiduciary functions, size of project/activity within a programme, and environmental risk category.

<table>
<thead>
<tr>
<th>Fiduciary functions</th>
<th>Size of project/activity within a programme</th>
<th>Environmental and social risk category</th>
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</table>
| Shapes how the entity will operate using the Fund’s resources (e.g., grants, concessional loans, equity, guarantees) | Micro  
Small  
Medium  
Large | High risk Category A/Intermediation I (I-1)  
Medium Category B/I-2  
Low/no Category C/I-3 |
Financing structures
Size of project/activity within a programme

Total Projected Costs*

- XS: Micro, USD 0 - 10 million
- S: Small, USD 10 - 50 million
- M: Medium, USD 50 - 250 million
- L: Large, USD > 250 million

* At the time of application, irrespective of the portion that is funded by the Fund and, if applicable, other sources, for an individual project or activity within a programme.
<table>
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<tr>
<th>Risk level</th>
<th>Funding proposals</th>
<th>Intermediation*</th>
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<tbody>
<tr>
<td><strong>High</strong></td>
<td><strong>Category A</strong></td>
<td><strong>Intermediation 1 (I1)</strong></td>
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<td></td>
<td>Activities with potential significant adverse environmental and/r social risks and/or impacts that are diverse, irreversible, or unprecedented</td>
<td>When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented</td>
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<td><strong>Medium</strong></td>
<td><strong>Category B</strong></td>
<td><strong>Intermediation 2 (I2)</strong></td>
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<td>Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures</td>
<td>When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented.</td>
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<tr>
<td><strong>Low/No</strong></td>
<td><strong>Category C</strong></td>
<td><strong>Intermediation 3 (I3)</strong></td>
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<td></td>
<td>Activities with minimal or no adverse environmental and/or social risks and/or impacts</td>
<td>When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts.</td>
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* Activities involving investments through financial intermediation functions or through delivery mechanisms involving financial intermediation.
Fast-track accreditation process

Certain entities may be eligible to apply under the fast-track accreditation process, as approved by the Board

- Adaptation Fund
- Global Environment Facility
- Directorate-General for Development and Cooperation – EuropeAid of the European Commission

Eligible entities to **focus their application on the Fund’s accreditation requirements (gaps) that have not been assessed in other accreditation processes.**

The fast-track process also allows for the **accreditation review to focus on how the entity addresses the gaps.**
Scope of Readiness Activities

- Strategic oversight aligned with national priorities
- Approval of readiness support
- No-objection letters for projects/programmes
- Nomination letters for direct access
- Convention of national stakeholders

Scope of NDA/focal point role
What readiness support is available for accreditation?

Entities that apply under the direct access modality can request for and may be eligible to receive readiness and preparatory support to meet the Green Climate Fund’s accreditation requirements.

Readiness support is available for:

• Fast-track accreditation support for eligible entities

• Awareness raising of accreditation processes and standards (e.g. fiduciary, environment and social safeguards, and gender)

• Institutional gap analyses

• Developing personalized support plans to address identified gaps
Accredited Entities

The following organizations are Accredited Entities of the Green Climate Fund.

- ACUMEN
- Asian Development Bank (ADB)
- Africa Finance Corporation (AFC)
- Agence Française de Développement (AFD)
- CAF Development Bank of Latin America
- Caribbean Community Climate Change Centre
- Conservation International
- CSE
- Deutsche Bank
- European Bank for Reconstruction and Development
- Inter-American Development Bank (IDB)
- KfW
- Ministry of Natural Resources of Rwanda
- NABARD
- PROFONANPE
- Secretariat of the Pacific Regional Environment Programme (SPREP)
- United Nations Development Programme (UNDP)
- United Nations Environment Programme (UNEP)
- World Bank (IBRD-IDA)
After accreditation, an accredited entity can submit project and programme proposals for funding.

Accredited entities must seek the no-objection(s) from the NDA(s) or focal point(s) for funding proposals.

Funding proposals will be evaluated against the Fund’s investment criteria.
Thank you

For more information, visit us at http://www.gcfund.org/operations/accreditation

Contact us at accreditation@gcfund.org