Challenges in Accessing GCF Funds

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1. Definition

- What is climate change fund?
- Climate Mitigation Fund
- Climate Adaptation Fund
- Development funds - e.g. ODA
2. What is the Green Climate Fund?

- Brief Descriptions
- large source of climate funding
- USD10.3 billion pledges from developed countries
- 24 Board members and their alternates
- Accreditation Panel (AP) - independent & technical
3. Channels to access funds

- **Indirect Channel**
  - International or regional implementing entities (IEs)

- **Direct Channel**
  - National implementing entities (NIEs)
  - NIEs: local or national governments, civil society or private sector agencies
  - A country can select one or more NIEs to access, manage and distribute funding without going through multilateral agencies
  - Designed to increase ownership over projects, improve institutional capacities; democratic accountability and control system
  - Local government: access finance and support from national agencies
4. Challenges in Accessing Funds

4.1. Gaps in Accreditation

E.g. Accredited entities in March 2016

- 33 entities were accredited: 60 percent are international organizations, including multilateral development banks
  - HSBC, Credit Agricole and Deustche Bank, etc.
  - 9 national implementing entities: 6 are from emerging economies and none that caters to sub-national projects or sub-national executing entities
  - only 3 national agencies in LDCs and SIDs acquired eligibility access to direct finance (e.g. Senegal, Min of Natural Resources in Rwanda)
4. Continuation...

4.2. Multilateral Agencies

- They have better fiduciary standards and procedures but not appropriate for investing in national and local projects close to communities
  - They are expensive - large administrative fees
  - Tend to prioritize business-as-usual, large-scale investments (lower transaction costs compared to small-scale projects)
  - Most international agencies are accredited for large scale projects
  - High fiduciary standards on paper - but weak for ESS, human rights (e.g. HSBC provided USD5.4 billion coal finance since 2010)

- GCF B12 Meeting in 2016 - Ethiopian Ministry of Finance was relegated due to lack of track record!
4. Continuation…

“It’s a paradox… “We need [the funds] the most but we don’t have the capacity to get it because we’re not accredited.” Tongan President (theguardian.com)

4.3. Disadvantages among smaller entities (low-resourced governments)

- weaker fiduciary standards
- gender policy establishment
- Environmental and social standards
- Reporting and transparency issues
- Weak capacity for developing countries
5. What the GCF could do?

- Support innovative and community-driven projects
- Direct Access modality - democratic accountability
- Channel through functional local government
- Prioritize national entities with experience in delivering finance to communities
- Provide different financing structure - supports smaller scale agencies, projects and technologies
- Prioritize national funding agencies - have experience in funding smaller scale projects or executing agencies e.g. local or national governments
- GCF Readiness Support Programme - assists NIEs; put a cap on international organization and focus on national agencies
6. What the developing countries should do?

- Avail capacity workshops, trainings/seminars
  - Government
  - NGOs e.g. TIB, WRI
- Avail resources from the GCF
  - “Readiness Programme” - support institutions through accreditation process
  - Simplified accreditation process
Summary to accessing funds

- Comply all necessary requirements - over deliver
- Publish all data, policies, activities, etc
  - Fiduciary standards
  - Gender policy
  - ESS
  - IP
- Signed “No Objection Letter”