

How to access the Green Climate Fund

Why this paper?

The Green Climate Fund (GCF) is a global climate fund created to respond to climate change by investing in low-emission and climate-resilient development.

This paper provides:

- Basic knowledge about the Fund
- Guidance for SDC staff and development partners in answering practical questions on how to access GCF funding

Information about GCF is accessible via the GCF website (www.greenclimate.fund).

About the Green Climate Fund

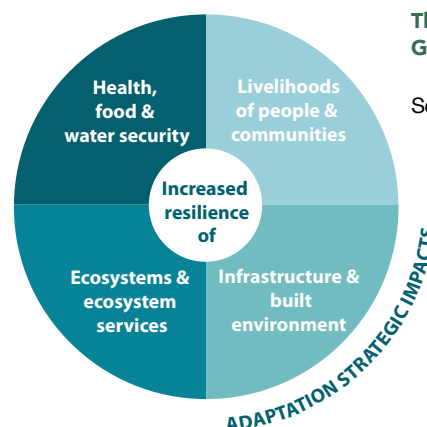
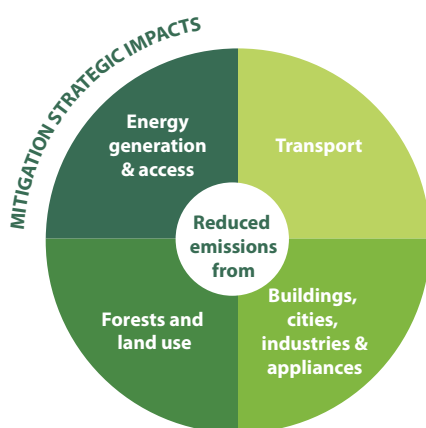
Established by the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2010, GCF supports developing countries in limiting or reducing their greenhouse gases and in adapting to climate change. To date, the Fund has secured pledges from over 40 contributors, including some developing countries, totaling USD 10.3 billion.

What the Fund does

Funding of climate action in developing countries

The Fund finances climate change mitigation and adaptation projects and programmes in developing countries.¹ The Fund aims for a 50:50 balance between mitigation and adaptation in its portfolio in terms of funding, with special focus on vulnerable countries: Small Islands Developing States (SIDS), Least Developed Countries (LDCs), and African States. GCF has defined eight impact areas to deliver major mitigation and adaptation benefits in target countries.

- Find an overview on the GCF project portfolio here: www.greenclimate.fund/what-we-do/portfolio-dashboard
- Learn more about GCF-funded projects: www.greenclimate.fund/what-we-do/projects-programmes



The eight strategic impact areas of
GCF in mitigation and adaptation.

Source: GCF, www.greenclimate.fund.

¹ Eligible countries for GCF finance are developing country Parties to the UN Climate Convention: unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php. Please note that the Paris Agreement invites developing countries to also contribute to international climate finance. In the Initial Resource Mobilization Period of GCF (2015-2018), nine developing countries made a financial contribution to the Fund: Chile, Colombia, Indonesia, Mexico, Panama and Republic of Korea (funds committed), Mongolia, Peru, Vietnam (pledged).

Funding decisions are guided by six investment criteria, reflecting key GCF features such as the Fund's envisaged paradigm-shifting effect on mitigation and adaptation efforts in vulnerable countries. The Fund finances projects through grants, concessional loans, equity and guarantees.

Project proposals fall into one of four GCF project sizes: < USD 10 million (micro), USD 10-50 million (small), USD 50-250 (medium) and > USD 250 million (large).² GCF does not fund small pilot projects. Currently, approximately 90 per cent of all funded projects have a size of USD 10 million or more.

Empowering countries to directly access GCF

GCF provides countries with direct access to the Fund, and supports readiness and preparatory activities to enhance country ownership and access to the Fund. The Readiness Programme provides resources for strengthening institutional capacities of countries – both of National Designated Authorities (NDAs) and Direct Access Entities (see “GCF architecture” below).

Maximizing private sector engagement

Through its dedicated Private Sector Facility, GCF aims at mobilizing institutional investors such as pension funds, insurance companies or commercial banks and leveraging GCF funds to enable corporates to co-invest with the Fund. To engage with these institutional investors, the Fund intends to develop a range of investable financial products such as green bonds. Furthermore, GCF works with local micro, small and medium enterprises in developing countries to unlock innovative solutions for tackling climate change.

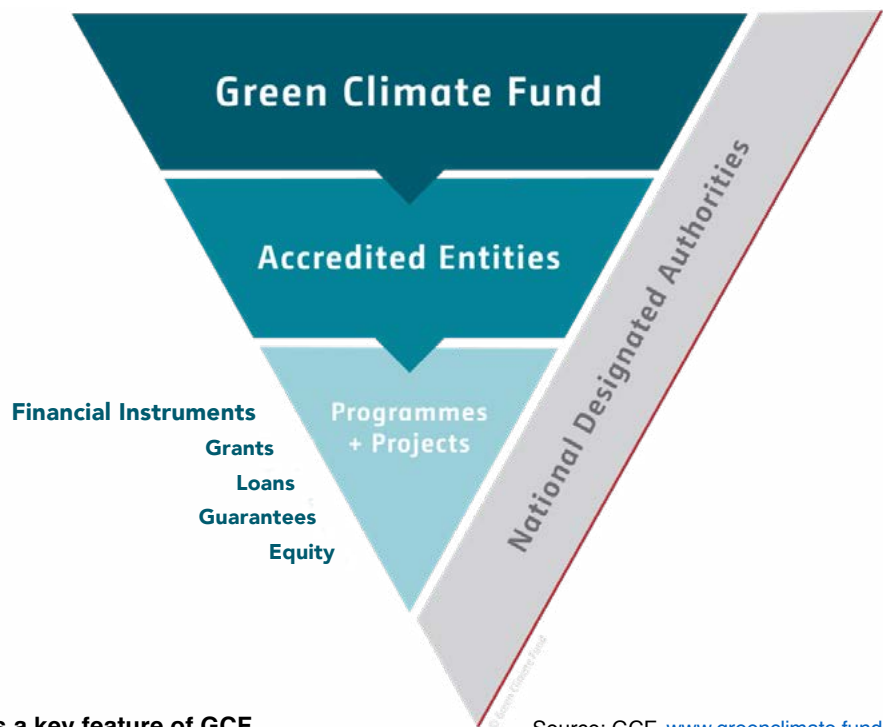
- Find the six investment criteria here: www.greenclimate.fund/documents/20182/239759/Investment_Criteria.pdf/771ca88e-6cf2-469d-98e8-78be2b980940

- Learn more about the Readiness Programme: www.greenclimate.fund/gcf101/empowering-countries/readiness-support

- Learn more about the Private Sector Facility: www.greenclimate.fund/what-we-do/private-sector-facility

² These sums relate to the full project size.

The GCF architecture



Source: GCF, www.greenclimate.fund

Strong country ownership is a key feature of GCF

National Designated Authorities ensure that projects and programmes benefit the country and are consistent with national plans and strategies. Several countries are currently developing country programmes to align GCF funded activities with their national priorities. The NDAs approve the selection of projects in the country to be financed by the Fund.

Project funding is channelled through **Accredited Entities** (AEs) and intermediaries. AEs are either Direct Access Entities – sub-national, national or regional organizations – or International Access Entities including United Nations agencies, multilateral development banks, international financial institutions and regional institutions. Direct Access Entities are nominated by their NDA.

AEs need not act as the direct implementer of funding proposals. **Executing Entities** (EEs), which are responsible for project implementation, might do this on behalf of AEs.³ EE responsibilities are defined in the Funding Proposal, and they are accountable to their respective AE. EEs can be anything from international multilateral institutions to small NGOs – depending on the set-up of the project and planned activities.

Switzerland and the Green Climate Fund

Switzerland has played an instrumental role in operationalizing the Green Climate Fund. As part of the initial resource mobilization of the Fund, Switzerland contributed USD 100 million for the period 2015 to 2017. It is represented on the GCF Board, sharing a seat for a developed country with Finland and Hungary until the end of 2018.

³ AEs might also (partly) act as EEs, depending on the type and set-up of a project.

10 things to know about accessing GCF funding

1. Who does what in my country?

The National Designated Authority acts as the interface between governments and GCF. It is the first point of contact for any enquiries about GCF.

- ▶ If you would like to know more or if you have questions about the GCF activities in your country, contact your national NDA or the national focal point.
- ▶ Find your NDA in the Country Directory here: www.greenclimate.fund/how-we-work/tools/country-directory
- ▶ Find the list of AEs here: www.greenclimate.fund/how-we-work/tools/entity-directory
- ▶ Find the list of approved projects here: www.greenclimate.fund/what-we-do/projects-programmes

2. Only Accredited Entities can receive GCF funding

The Green Climate Fund does not implement projects directly. Funding proposals can only be presented to GCF by AEs. Once programmes or projects are approved, AEs and/or Executing Entities implement the project. The role of the AEs is to oversee, supervise, manage and monitor their GCF-approved projects and programmes.

- ▶ Find the list of AEs here: www.greenclimate.fund/how-we-work/tools/entity-directory

3. Accreditation is a rigorous process

To ensure that AEs are fit to provide stringent supervision, management and monitoring of projects, applicants for accreditation go through a rigorous process. Institutions need to prove their capabilities to financially manage the projects and to safeguard funded projects and programmes against environmental or social harm. Institutions can apply for different accreditation levels: They can apply to get funding for micro, small, medium or large projects and for projects with low, medium or high environmental and social risks.

- ▶ Learn more about the accreditation requirements and the process on the accreditation page: www.greenclimate.fund/how-we-work/getting-accredited
- ▶ It is important to note that subnational, national, and regional entities – public or private – applying for accreditation will need to submit a nomination letter from the Government, thus from the NDA/ Focal Point.
- ▶ Entities may apply for readiness support to enhance their ability to seek accreditation with the Fund: www.greenclimate.fund/gcf101/empowering-countries/readiness-support#step-introduction
- ▶ For further enquiries contact accreditation@gcfund.org

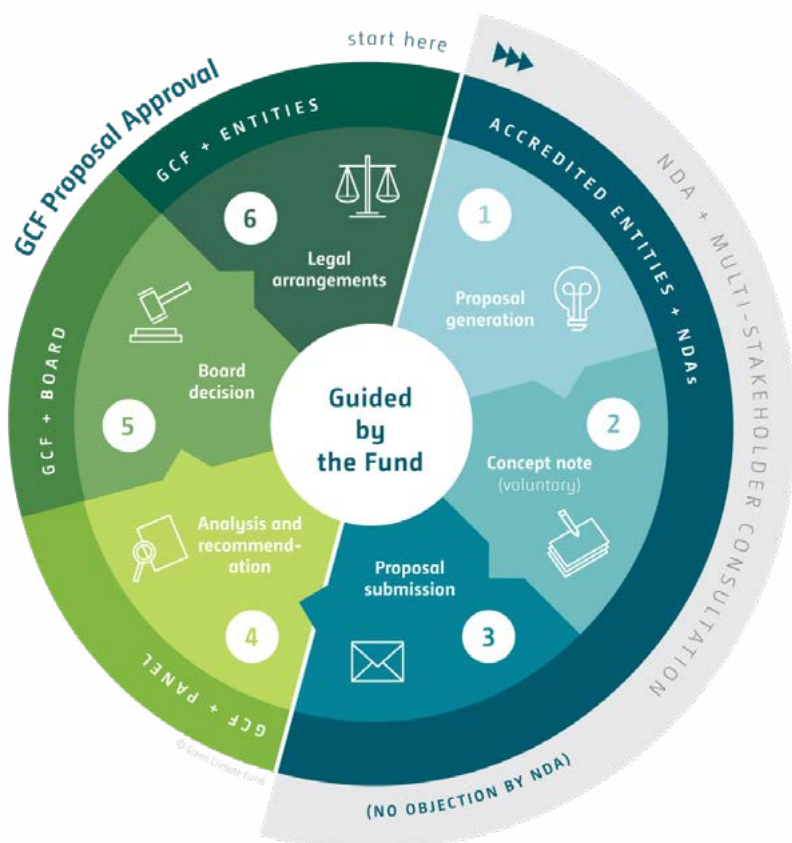
4. How to engage with GCF without being an Accredited Entity

If your organization is not an AE but wants to engage with GCF, you may – instead of seeking accreditation – partner with an AE on implementing a GCF project.

It is important to choose an AE based on its thematic competence and to consider the match between your project idea and the type of AE accreditation in terms of project size and risk category.

- ▶ Refer to your NDA for more information on current and planned GCF-funded projects: www.greenclimate.fund/how-we-work/tools/country-directory

5. How to develop and submit a proposal



The GCF proposal development and approval process.

Source: GCF, www.greenclimate.fund.

Funding proposals go through a six-step process before they can be implemented. Ideally, proposals are jointly developed and submitted by the AEs and the NDAs. Before preparing a full proposal, it is recommended that AEs develop a concept note. This is a voluntary but useful step that allows AEs to seek feedback from the GCF Secretariat about whether their proposal matches the Fund's objectives and mandate.

Any proposal needs approval in the form of a letter by the NDA. They are then assessed by the GCF Secretariat and an independent Technical Advisory Panel and finally approved by the GCF Board.

GCF provides easier access to resources for smaller-scale activities which have minimal environmental and social risks and impacts. Projects with a GCF contribution of up to USD 10 million and within the lowest project risk category can seek approval through a Simplified Approval Process.

AEs can get financial and technical support from the GCF Project Preparation Facility (PPF) for project and programme preparation. The PPF is targeted to support direct access entities, and micro-to-small projects. Support is provided to develop funding proposals and related activities, such as the development of environmental, social and gender studies. Each request is limited to a cap of USD 1.5 million.

- ▶ The GCF 101 guide on how to access the Fund explains in detail how climate finance ideas are brought to the Fund: www.greenclimate.fund/gcf101/funding-projects/project-funding
- ▶ The Green Climate Fund Proposal Toolkit 2017 may help you to develop a GCF project proposal: www.cdkn.org/wp-content/uploads/2017/06/GCF-project-development-manual.pdf
- ▶ Learn more about the Simplified Approval Process: www.greenclimate.fund/how-we-work/funding-projects/simplified-approval-process
- ▶ Learn more about the PPF and how to apply for project preparation support: www.greenclimate.fund/gcf101/funding-projects/project-preparation
- ▶ For further enquiries contact: fundingproposal@gcfund.org

6. Funding proposals can be submitted anytime

AEs can present funding applications to GCF anytime. Additionally, there are regularly Requests for Proposals which are focused on specific themes.

- ▶ Regularly monitor the thematic Requests for Proposals on the GCF website: www.greenclimate.fund/home

7. GCF funding requires co-financing from other institutions

AEs have to secure funding from sources other than GCF for their projects. To date, there are no detailed terms concerning co-financing.

- ▶ Securing co-financing is required to encourage long-term investments beyond the GCF resources and up-front commitments.
- ▶ The amount of co-financing has to be included in the funding proposal: www.greenclimate.fund/gcf101/funding-projects/project-funding

8. GCF has no country-specific allocations or country caps

To date, GCF has not defined any country-specific allocations of resources. The Fund seeks geographical balance, but there are no specific caps per country.

9. The Fund provides resources for strengthening institutional capacities of countries and NDAs

Up to USD 1 million per country per year may be provided under the Readiness Programme. Of this amount, NDAs or focal points may request up to USD 300,000 per year to help establish or strengthen an NDA or focal point to deliver on the Fund's requirements. Up to USD 3 million per country can be requested for the formulation of national adaptation plans (NAPs) and/or other adaptation planning processes.

- ▶ Learn more about how to access readiness: www.greenclimate.fund/gcf101/empowering-countries/readiness-support

10. Partner with an Accredited Entity that has an Accreditation Master Agreement

An AE is able to receive and use GCF capital only if the entity has signed an institutional agreement with GCF – an Accreditation Master Agreement (AMA). Make sure to partner with an AE having a signed AMA in place.

- ▶ Check the list of signed AMAs here: www.greenclimate.fund/library/-/docs/list/383065

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