

## CHECK-UP: GREEN CLIMATE FUND

A year after its initial funding pledges and as it prepares to select its first projects, Katie Sullivan takes the pulse of the Green Climate Fund

Climate finance remains one of the hotter, sicklier of issues around today's UN climate negotiating table. Underpinning today's UN climate finance story is the 2009 promise by advanced economies to jointly-mobilise \$100 billion per year by 2020 through a variety of public, multilateral, and private financial sources. If these sources, and their flows into climate mitigation and adaptation efforts, form the world's climate finance "nervous system", the Green Climate Fund (GCF) is positioned to become the system's primary organ. Given the high expectations, and even higher political pressures, surrounding the Fund, this brief **GCF CHECK-UP** gauges whether its current health and vital signs are in check for GCF's ambitious journey ahead...

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|  | <b>TEST: GCF PLEDGE VS. CONTRIBUTION COUNT</b><br>– PASS |
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The period from 2015 to 2018 represents GCF's initial capitalisation period, when the Fund welcomes pledges on a rolling basis from new public, private and philanthropic sources. After 60% of existing pledges are converted to contributions ("money in the bank"), the Fund launches a systematic resource replenishment cycle. As of October 2015, the GCF had raised \$10.2 billion from 37 government pledges; of this amount, \$5.8 billion has been announced and signed by contributors.<sup>1</sup>

**CLIMATE FINANCE REMAINS ONE OF THE HOTTER, SICKLIER OF ISSUES AROUND TODAY'S UN CLIMATE NEGOTIATING TABLE**

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|  | <b>TEST: GCF ACCREDITED ENTITY COUNT</b><br>– PASS |
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Accredited Entities (AEs), including national, regional, international, public and private institutions, are responsible for channelling Fund resources to approved projects and programmes. Depending on its track-record and approved risk category, an AE can deliver a range of activities, such as: developing and submitting GCF funding proposals; overseeing project management and implementation; deploying financial instruments (grants, loans, equities, guarantees); and mobilising private capital. There are currently 20 approved AEs, with another nine expecting approval by GCF's November 2015 Board Meeting. Of GCF's current AEs: three are private sector entities (Acumen, AFC, and Deutsche Bank AG), and several others hold experience working with private sector (including ADB, CAF, EBRD, IDB, KfW, and the World Bank, among others.)

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|  | <b>TEST: GCF NATIONAL DESIGNATED AUTHORITY COUNT</b><br>– PASS |
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According to its Governing Instrument, the GCF must adopt a "country-driven approach" with strong coordination at the national level. For every developing country seeking to access GCF resources, there exists a National Designated Authority

(NDA). Representing the interface between the Fund and countries, these NDAs (or Focal Points) communicate strategic climate finance and development priorities while liaising with the Fund, relevant AEs and other stakeholders. NDAs are also responsible for: project nomination letters for direct access to GCF funds; no-objection letters for projects and programmes; and approval of GCF readiness support. As of 7 October 2015, 136 NDAs and Focal Points have been identified by the Fund.

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|  | <b>TEST: GCF PUBLIC INFO &amp; ACCESS STATUS</b><br>– PASS |
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As a sign that the GCF's officially "Open for Business", the Secretariat launched an updated website. The new and improved site contains "strong visual cues" and faster avenues to access GCF information, news, and stakeholder opportunities. Site navigation is structured around its core business areas: Funding Information ("Ventures"); Accreditation; Country Readiness Support; Private Sector Facility; News and Resources ("Contributions"); and Governance/Board Information ("Boardroom"). Additional phases of the website redesign, capturing other areas of the Fund's work, will be rolled-out by early-2016.

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|  | <b>TEST: GCF PROJECT COUNT</b><br>– NEEDS ATTENTION |
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Since July 2015, the GCF has received 37 formal project and programme funding

## THIS BRIEF GCF CHECK-UP GAUGES WHETHER ITS CURRENT HEALTH AND VITAL SIGNS ARE IN CHECK FOR GCF'S AMBITIOUS JOURNEY AHEAD

proposals from public and private entities. After review by GCF's Technical Advisory Panel and Secretariat, only eight of the 37 proposals were selected for GCF Board approval in November 2015.<sup>2</sup> Financing decisions on these first initiatives should send a positive signal to the international community (including those heading

to Paris) that not only is the Fund fully operational, but developing countries are starting to access the fund to support national climate priorities.

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|  | <p><b>TEST:</b> GCF PROJECT BREAKDOWN<br/>– NEEDS ATTENTION</p> |
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In total, the inaugural eight project proposals only request \$168 million in funding through three available (and GCF-approved) financial instruments: \$128 million in grants; \$20 million in guarantees; and \$20 million in equity support. Of the requested funding sought: over 80% is geared towards mitigation and adaptation in Least Developed Countries, Small Island

Developing States (SIDS), and African States; two-thirds is intended to support adaptation; and 75% will be channelled in the form of grants. The projects, submitted by AEs at national, international and regional levels, cover various regions and funding themes (eg, land-use, energy efficiency, renewables, and water access).

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(1) GCF website; status of pledges, 18 October 2015 (2) GCF's 11th Board Meeting takes place in Livingstone, Zambia, 2–5 November 2015. A key item on the agenda includes the Board's review and approval of the Fund's first set of funding proposals.