TIMELINE

• 2010: Fund established by COP decision
• 2011: Transitional Committee designs Governing Instrument
• 2012: Board established and begins meeting
• 2013: Independent Secretariat established in Songdo, Republic of Korea
• 2014: $10.2bn in pledges received
• 2015: First entities accredited to manage GCF funds; disbursements expected by end of year
STRUCTURE OF THE GCF

- Board of 24 members and 4 active observers; decision-making by consensus; meets 3 times annually
- Secretariat of 40-50 staff managing day-to-day operations
- Funding to be provided through two windows: mitigation and adaptation
- Private Sector Facility for engagement with private sector
- Readiness finance available for capacity-building
- Accredited entities will manage GCF funding as intermediaries
- National Designated Authorities (NDAs) to coordinate engagement and consultation at national level
WHAT MAKES THE GCF DIFFERENT?

- Transformational Mandate
- Country Ownership and Direct Access
- Stakeholder Engagement & Participatory Monitoring
- Gender Sensitivity
- Mitigation/Adaptation Balance and Focus on Most Vulnerable
- Private Sector Engagement?
TRANSFORMATIONAL MANDATE

“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.”

GCF Governing Instrument, paragraph 2
COUNTRY OWNERSHIP AND DIRECT ACCESS

- NDAs “will recommend to the Board funding proposals in the context of national climate strategies and plans, including through consultation processes. The national designated authorities will be consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans.”  
  *GI paragraph 45; decision GCF/B.08/10*

- “Recipient countries will nominate competent subnational, national and regional implementing entities for accreditation to receive funding. The Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes.”  
  *GI paragraph 46; decision GCF/B.08/09*
ACCREDITED ENTITIES

• Requirements for accreditation scale based on size and risk of projects the entity will manage; all entities must meet minimum fiduciary standards and environmental & social safeguards; readiness finance may be available

• Accredited entities receive grants or concessional loans from GCF and can use grants, loans, equity and guarantees to finance approved projects

• Initial set of accredited entities include ADB, KfW, UNDP, three direct access entities (Peru, Senegal, Samoa), one private sector entity (Acumen, an impact investment fund)

Relevant decisions: GCF/B.07/02; GCF/B.08/02-05; GCF/B.09/XX
PROPOSAL APPROVAL PROCESS

• GCF may or may not issue RFPs
• Proposal concepts developed in consultation with stakeholders; readiness support available
• Proposals sent to GCF by accredited entities, with no-objection from NDA
• GCF Secretariat and Independent Technical Advisory Panel will evaluate proposals based on Investment Framework (no defined methodology); final decisions taken by Board

Relevant decisions: GCF/B.07/03; GCF/B.08/10-11; GCF/B.09/XX
INVESTMENT FRAMEWORK CORE CRITERIA

- **Impact potential** – mitigation and/or adaptation impact
- **Paradigm shift potential** – policy change, scale-up and replication
- **Sustainable development potential** – social, environmental, economic, gender co-benefits
- **Needs of the recipient** – vulnerability, economic and social development level, availability of other finance
- **Country ownership** – coherence with existing policies, engagement of civil society and other stakeholders
- **Efficiency and effectiveness** – cost-effectiveness, amount of co-financing, use of best practices

Relevant decisions: GCF/B.07/06; GCF/B/09/XX
CURRENT STATUS OF RESOURCES

- $10.2 billion pledged by end of 2014 for the period 2015-2018
- Only 1.33% of pledged resources contracted with GCF so far; deadline of April 30, 2015 for 50% of resources to be contracted
- Formal replenishment process to be triggered once funding approvals reach 60% of contributions, envisaged on or before June 2017

Relevant decisions: GCF/B.08/13, GCF/B.08/15
CHALLENGES SPECIFIC TO GCF & RE

• Prioritization of renewable energy vs other GCF impact areas (adaptation, forests, etc)
• How much finance will really be available, especially for smaller countries
• Long-term predictability or lack thereof
• Principles/safeguards vs conditionalities – key role for readiness support & building country capacity
• Bias towards large-scale interventions, especially in countries with high mitigation potential
• What are the right implementing entities for e.g. a REFIT scheme?
QUESTIONS -
PRIVATE SECTOR FACILITY

- Mandate from Governing Instrument (paragraphs 41-44):
  - Enable direct and indirect financing of mitigation and adaptation in developing countries;
  - Be consistent with a country-driven approach;
  - Promote the participation of private sector actors in developing countries, particularly local actors, including SMEs; and
  - Support private sector activity in SIDS and LDCs.

- Two conversations now:
  - How can GCF mobilize funds at scale from the private sector?
  - How can GCF support local private sector in developing countries, particularly SMEs?