Green Climate Fund

Business Model Framework: Country Ownership

GCF/B.04/04
13 June 2013

Meeting of the Board
26-28 June 2013
Songdo, Republic of Korea
Agenda item 4 (b)

Recommended action by the Board

It is recommended that the Board*:*

a) Takes note of the information presented in document GCF/B.04/04 *Business Model Framework: Country Ownership*;

b) Provides guidance on the policy matters and options regarding the country ownership under the Fund; and

c) Adopts the draft decision presented in Annex I to this document.

Table of contents

Business Model Framework: Country Ownership

I. Introduction

1.1 Mandate and importance to operationalize the Fund

1. At its March 2013 meeting in Berlin, Germany, the Board requested the Interim Secretariat to undertake work on a number of documents on the Fund's business model framework, with the assistance of consultants (decision B.01-13/06). One of the documents to be prepared for consideration at its June 2013 meeting addresses country ownership, including:

"An examination of current best practice for ensuring country ownership of activities."

2. Paragraph (c) (i) of decision B.01-13/06 noted convergence that the Fund should also:

"Recognize that a country driven approach is a core principle to build the business model of the Fund."

3. The purpose of this document is to present to the Board an assessment of country ownership in light of the relevant experience of existing international funds, to inform the Board's considerations regarding the role of national coordination, national designated entities, national implementation and coherence of activities supported by the Fund with national development and national climate change frameworks. This document should be read in conjunction with the other five documents on the business model framework.[1]

4. The Governing Instrument for the Fund provides specific guidance on several key country ownership-related features of the Fund:

(a) Paragraph 3: "*The Fund will pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders*";

(b) Paragraph 31: "*The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects*";

(c) Paragraph 36: *"The Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities";*

(d) Paragraph 46: *"Recipient countries may designate a national authority. This national designated authority 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";*

(e) Paragraph 53: "*The Fund will have a streamlined programming and approval process to enable timely disbursement. The Board will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities."*

[1] GCF/B.04/03 and 05 to 08.

5. The Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) requested at its seventeenth session (decision 3/CP.17) that the Board:

> *"develop a transparent no-objection procedure to be conducted through national designated authorities referred to in paragraph 46 of the governing instrument, in order to ensure consistency with national climate strategies and plans, and a country driven approach, and to provide for effective direct and indirect public and private sector financing by the Fund."*

6. These guidelines and principles from the Governing Instrument, as well as the request from the COP, were fully reflected in the options for ensuring country ownership that are presented in this document.

1.2 Background and international consensus on country ownership

7. Country ownership has been a principle of discourse on sustainable programming and development for the past 15 to 20 years, growing out of a mutual desire, shared by both recipient and donor countries alike, to improve the way development aid was organized and delivered at country level.

8. By the early 2000s, global forums began to address country ownership focusing on better harmonization, alignment and efficiency of development financing. At the March 2002 International Conference on Financing Development in Monterrey, Mexico, donors called for enhanced country ownership of development processes and the use of national plans.[i] More specifically, the consensus statement mentions the importance of country ownership.[ii] Soon thereafter (2003), the Rome Declaration on Harmonization[iii] brought strong donor commitments to better coordinate and streamline their activities, invest in capacity development and engage civil society, including the private sector.[iv]

9. The 2005 Paris Declaration articulates the principle of country ownership as mutual responsibilities: "countries commit to exercise leadership in developing and implementing their national development strategies through broad consultative processes" and "donors commit to respect partner country leadership and help strengthen their capacity to exercise it."[v] Finally, the Accra Agenda for Action recognizes the need for national ownership calling on governments to "take the lead in coordinating aid at all levels […] and encouraging the participation of civil society and the private sector."[vi]

II. Principal considerations regarding country ownership

10. For the Board's consideration and the purposes of this document, country ownership is loosely defined as a goal of placing maximum responsibility for the development of national programmes and, the management and oversight of resources, at country-level, by a multiplicity of stakeholders and implemented through national government bodies and other public, non-governmental, or private entities.

11. This document examines, through a country ownership lens, country-level roles and functions pertinent to the funding aspirations laid out in the Governing Instrument. In that sense, it is closely related to the discussion of how these roles and functions are attributed in different access modalities and corresponding accreditation schemes (as discussed in document GCF/B.04/05).

12. Compared to document GCF/B.04/05, the assessment presented here presents in more detail the division of responsibilities between the different relevant entities and what differential impact decisions about the attribution of responsibilities have on country

ownership. It does not, however attempt to judge whether systems are or are not "country owned", but rather examines whether they exhibit higher or lower degree of country ownership as articulated in the statements referred to in Section 1.2 above.

13. This document presumes that existing country structures should be considered, adapted, and used, wherever appropriate, to take advantage of and integrate institutional knowledge and capacity.

14. Although the international consensus statements stop short of recommending specific country-level modalities for ensuring country ownership, they all call for:

(a) Centralized leadership and coordination based on national plans/strategies; and

(b) Country-level decision-making with multi-stakeholder engagement.

15. These core elements are equally specified in the Governing Instrument. It gives further guidance by stating that "recipient countries may designate a national authority" and this authority "will recommend to the Board funding proposals in the context of climate strategies and plans, including through consultation processes."[vii] Based on these commonalities, this document will review country-level functions through a country ownership lens.

16. One way to conduct a functional analysis of country ownership is to assess what functions are carried out by whom and how that affects country ownership. Central to answering this question are national designated authorities (NDAs).

III. National designated authorities and their role in the context of decision making, accountability and coherence

17. Country ownership and the role of the NDA is most usefully discussed in the context of a number of key responsibilities:

(a) Programme oversight, country programming, country level coordination and coherence with national climate change and development pathways;

(b) Designation of implementing entities (IEs); and

(c) Approval of funding requests and no-objection procedures.

3.1 Programme oversight, country programming, country level coordination and coherence with national climate change and development pathways

18. A policy question to consider is hence to what degree the Fund can/should devolve programme oversight responsibilities to country-level in order to not only strengthen ownership per se, but also enhance coherence between funded activities and, more importantly, in the context of national development plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs), national adaptation programmes of actions (NAPAs) and countries' low-carbon and climate-resilient development pathways and the aim of achieving transformative change?[viii]

19. Funded activities, as well as the overall programmatic and integrated approach developed at country level, will need to consider the results, impact and performance indicator framework (as developed in document GCF/B.04/03) and adapt it to the country-specific context.

20. The readiness and support document (to be prepared for the September 2013 Board meeting) will need to explain how to support capacity building regarding the implementation of

this framework as well as how to support the development and integration of Fund activities within the national context.

21. It is important to consider the overall efficiency of national coordination, building on existing structures and approaches of country coordination, for example in the context of donor coordination. The functions assigned to an NDA should be compatible with, and complementary to, existing and functioning national and sub-national coordination. This will need to be considered in the institutional set-up and location of NDAs, where national and sectoral climate change strategies (or equivalent programmatic approaches) are coordinated and centralized. Coherence is an important concern when considering private sector engagement.

22. For small island developing states (SIDS), least developed countries (LDCs) and other particularly vulnerable countries, the focus of national programming and integration may initially be on climate resilience alone, in line with these countries' priorities.

23. CIF countries provide a good example of using existing public systems of oversight. Most often, ministries of finance are the central partner (of the multilateral development banks (MDBs) which function as the CIFs' interface at the national level) and their systems of accountability provide the basis for robust oversight.

24. GEF, on the other hand, organizes oversight, in a broad sense of this term, primarily through its Operational Focal Points (OFPs) who act as a programmatic interface between GEF agencies and country-level stakeholders.

25. The Global Fund uses a mixed country-level/secretariat oversight model. Its system makes a clear distinction between a governing body's oversight role from the implementer's responsibility to monitor and evaluate its programmes. There, CCM members are expected to understand overarching programme goals and objectives follow implementation progress and challenges, ensure that independent audits are conducted, and are available to support IEs to improve their performance. CCM members provide strategic input to the implementer, institute financial controlling where necessary, and ensure the implementation of recommendations. Oversight in the context of the Global Fund plays a key role in their performance-based funding model by helping to ensure appropriate and consistent feedback loops on key target reporting.

26. Different options in this context would depend on a great demonstrated level of capacity to manage fiduciary and programme systems at country level, in order for the Board to be able to devolve oversight functions or the need to exercise greater oversight responsibility at the Fund level (in the absence of such robust country-level structures).

27. Given the importance and complexity of governance, strategic management and oversight systems, the Board may wish to explore and further define these functions in greater detail, especially in light of the role of potential partnerships through other funding, multilateral or third party organizations.

28. For the purposes of country ownership and simplified processes, the Pilot Program for Climate Resilience (PPCR) countries and the Global Fund offer an interesting model to consider regarding the merits and challenges of programme versus project-level funding: CCMs (i.e. NDAs) coordinate funding requests into a single proposal based upon a national strategy with the responsibility to organize implementation across several entities or sub-implementing entities. Here, devolving implementation across multiple layers of IEs – whose activities are overseen by the NDA – opens the door for the integration of project-level activity within a national programme framework.

29. A special case of relevance for country ownership is represented by regional programmes. In order to ensure that the planned interventions in a regional funding request are consistent with initiatives under national programmes, the NDAs for the countries included in the regional request should provide their endorsement, either directly or through a no-objection approval. The NDA is not required to approve the budget, or the specific

interventions, but rather, endorse the overall approach inasmuch as the multi-country funding request relates to that country. Ideally, the IE should provide a signed letter from the NDA for each country included in the regional request, confirming their endorsement, or, alternatively, NDA meeting minutes for each country included in the Regional Coordinating Mechanism (RCM) concept note at which the NDA agreed to endorse the regional proposal.

30. The detailed provisions for the specific and distinct cases of regional programming and multi-country programming options will need to be developed, once national programming and all relevant NDA-related issues have been clarified.

3.2 Designation of implementing entities

31. In general, countries implement projects through fully operational and accredited national, regional and international IEs and intermediaries. Since it is likely that international or regional access will be a reality for some countries for at least some time, it is important to consider how country ownership can be enhanced even in the case of international IEs. Key questions to guide this discussion are:

(a) What is the role of NDAs in proposing national implementing entities (NIEs) and international implementing entities (IIEs)?

(b) What needs to be put in place to ensure country ownership in the case of international access?

32. At the GEF, accredited implementing agencies submit funding proposals in collaboration with the country OFPs. Proposals have to be endorsed by the OFP and by the recipient country.

33. The CIFs follow a different process. For example, in the PPCR project in Zambia, funding is considered under a national strategy umbrella where the Ministry of Finance plays the lead role while multi-stakeholder processes and established government procurement systems effectively work together in choosing the appropriate mix of public and private implementers.

34. The Global Fund, on the other hand, devolves IE selection to the CCM who, in turn, are obligated to conduct transparent and open processes for the selection of appropriate IEs.

35. While working through established IIEs enables countries to quickly access the Fund's resources (for many countries, the only immediately feasible option), national coordination as well as stakeholder participation (see Section 4) become even more important for ensuring ownership in this case, compared to a case where multiple national entities (public and private) are available (and accredited) for implementation. Country ownership's long term interest is sustainability, efficiency and scale-up; NDAs will want to nominate NIEs with the capacity to implement, wherever they exist, including the capacity to employ and adapt to the national context the Fund's results, impacts and performance framework (as developed in document GCF/B.04/03).

36. In the short term, however, many NDAs in SIDS and LDCs will be limited to IIEs due to capacity constraints; country ownership is, however, still enhanced by the power to choose among (accredited) NIEs/IIEs through no-objection approvals, or other transparent processes as determined by the NDA. One key element here is multi-stakeholder consultation. Under international access options, respective international entities could be required by the Board to enhance the level of multi-stakeholder engagement and formalize it.

37. Accountability hinges greatly on country coordination and oversight. Country ownership is enhanced when country-level stakeholders have a voice in programme delivery. The stronger the links in mutual accountability between national governments acting through the DNAs, multiple stakeholders and national, regional and international IEs, the greater the likelihood of improved participation and programme impact. Having explicit governance and

strategic management responsibilities, such as national oversight, strengthens these links of accountability.

3.3 Approval of funding requests and no-objection procedure

38. Regarding the approval of funding requests, the Governing Instrument states (in paragraph 46) that, "[the] national designated authorit[ies] 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."

3.3.2 Lessons learnt from existing international funds

39. The CIFs have mostly a decentralized, expanded model (see Sub-section 4.3.2) for designated national authorities who are located primarily within either the ministries of finance or ministries of environment.

40. The Adaptation Fund uses a centralized model for "designated authorities" who are government officials acting as focal points for the Adaptation Fund. On behalf of their national governments, theses designated authorities endorse:

(a) The accreditation of applications before they are sent to the secretariat of the Adaptation Fund for assessment; and

(b) Proposals submitted by national, regional or international IEs.[ix]

41. While the Adaptation Fund has multiple stakeholder inputs at the level of its Board, this is not required at country level.

42. The GEF works with Political Focal Points (PFP) and OFPs at national level. PFPs are concerned primarily with GEF governance and policy, while OFPs focus on operational aspects such as endorsing project proposals, and facilitating GEF coordination at country level, including multi-stakeholder dialogues and constituency workshops.[x]

43. The Global Fund has a decentralized model where countries submit national strategy-based proposals by a (mostly) non-governmental, multi-stakeholder CCM.[xi] While the Global Fund's governing instrument does not link the CCM model to any specific government body, it does explicitly recommend that senior government leaders takes a lead role.[xii] Few Global Fund CCMs are legal entities but approximately 70 per cent are chaired by either ministers or vice-ministers, almost exclusively of health.[xiii]

44. There are few examples of cost-benefit studies for governing bodies in relation to programme implementation. However, the Global Fund has carefully documented costs associated with in-country governance since 2007 and instituted a unique performance-based funding model for its CCMs in 2010. Total CCM costs in 2010 were approximately US$ 4.6 million compared to its 2010 grant disbursement of just over US$ 3 billion.[xiv]

45. Before the document discusses the policy options and choices for consideration by the Board, it provides an overview of the role of multi-stakeholder engagement, which, across any range of access modalities and different conceivable roles for NDAs, plays a central role in ensuring country ownership, in particular beyond national government.

IV. Role of multi-stakeholder engagement in country ownership

46. While not a function per se, a discussion about country ownership would be incomplete without a policy consideration on multi-stakeholder engagement. Multi-stakeholder engagement in all development activities is a common concern in country ownership discussions. The Governing Instrument explicitly "[...] encourage[s] the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects."[xv]

47. Often, the challenge with respect to country ownership is ensuring the genuine participation of a wide-range of stakeholders – from civil society and private sector groups in general, to sub-national, district and municipal planning commissions – in all stages of strategy development as well as programme implementation and evaluation. Without direct engagement by multiple relevant stakeholders, funding proposals that follow programme objectives and national result areas could insufficiently motivate active participation at the sub-national or district levels. Also important in understanding multi-stakeholder engagement is the breadth of stakeholders that should be involved, including donors and development partners, to mitigate redundancies and capitalize on their expertise. Multi-stakeholder engagement is an effective strategy to coordinate disparate activities and constituencies under one organizational umbrella, thus enhancing efficiency; multi-stakeholder engagement legitimizes funding requests and brings credibility to the overall programme.

4.1 Experience of existing international funds

48. Different institutional practices are worth noting here. At the Climate Investment Funds (CIFs), there is active encouragement of multiple stakeholders in its Country Coordinating Mechanisms (CCMs). The Clean Technology Fund (CTF), for example, uses an annual partnership forum.[xvi]

49. In the Adaptation Fund's direct access model, civil society and private sector committees inform its global governing structure but they do not seem to play a key role in decision-making at the country-level.

50. At the Global Environment Facility (GEF), however, civil society engagement has been an institutional feature since 1995, and recent reforms hope to further strengthen civil society engagement, notably by setting priorities for GEF resources in recipient countries through their participation in the National Portfolio Formulation Exercises.[xvii]

51. The Global Fund for AIDS, Tuberculosis and Malaria (Global Fund), on the other hand, very explicitly ties funding eligibility to open and transparent processes for engaging multiple stakeholders; all Global Fund CCM members must sign an agreement to the national proposal, otherwise it may be considered invalid.[xviii] In 2003, the Global Fund's Board recommended multi-stakeholder engagement on CCMs for both proposal development and oversight. By its fifth round of funding and ninth Board meeting three years later, the Board changed the recommendations into requirements. As a result, between three to four country proposals were rejected in each round, based on non-compliance with the core principle (i.e. accountability, transparency, and multi-stakeholder engagement) requirements (round 6 through 10).

4.2 Considerations for the Board

52. The long-term policy question for the Board is to decide what elements of multi-stakeholder engagement should be considered as essential for supporting the paradigm shift at the national level as well as effective Fund operations.

53. One possibility would be in the start-up phase of the Fund's operations to recognize the need for multi-stakeholder consultation but to leave the process, timeline, and mechanics

unspecified, building on what is there already at the country and sub-national levels. While providing for maximum flexibility in terms of considering differences in existing structures and processes in different countries, it would not provide the necessary institutional support that many multi-stakeholder engagement processes depend on; and risks funding in a vacuum of important input and information.

54. Another, conceivably more long-term option, would be for the Fund to recommend or require that multi-stakeholder engagement is built into the fabric of country-level programme planning and decision making, strengthening coordination, reducing transaction costs and mitigating redundancies; and finally legitimizing funding requests and strengthening the credibility of the overall programme. In the case of international access options (as discussed in Section 3.2 as well as in document GCF/B.04/05), the Board may require a comparably higher level of stakeholder engagement.

55. In terms of policy, the Board may want to consider, in the long run, incentive measures that encourage greater multi-stakeholder engagement in all aspects of Fund's national programming.

56. Multi-stakeholder engagement is an important factor in enhancing the country ownership of programmes and projects carried out largely by international oversight and implementing bodies. The annual stakeholder forum of the CTF is one example of stakeholder engagement in the case of an international access model.[xix]

V. Policy options and choices for consideration by the Board

57. Drawing on the discussion of existing funds, Table 1 below presents two different states of development with respect to NDA integration of country ownership principles in climate change finance. It should be noted that these options are not mutually exclusive.

58. **Option 1. Centralized basic model.** This model is a basic platform to expedite viable funding requests. It is not necessarily a "paradigm change", but it is operational and scalable. Option 1 would be appropriate in low-capacity environments, where NDAs are relatively new or where national climate change strategies are weak or at initial stages of development.

(a) Here, the NDA's first objective might focus on reviewing and approving ad hoc funding requests by accredited IEs rather than trying to put together a consolidated national proposal based on a national climate change strategy. Option 1, while potentially less consultative than Option 2 ("decentralized expanded model"), still keeps the locus of decision-making at country level but makes room for lower-capacity environments in terms of submitting programme proposals for funding;

(b) Option 1 also gives sufficient short-term flexibility so as not to delay funding opportunities due to prolonged national programme development processes. In the short-run (as foreseen in UNFCCC decision 3/CP.17) a transparent no-objection approval process would facilitate speed in moving funding requests forward. No-objection approvals are also consistent with centralized decision-making for better harmonization and alignment and could play an enhancing role in aligning regional projects with national strategies.

59. **Option 2. Decentralized expanded model.** This model represents a higher capacity environment; there is a robust NDA capable of leading and coordinating multiple activities into a comprehensive funding request; and the country emphasizes greater consultation or participation by multiple stakeholders in defining the core features of a comprehensive funding request. This has more capacity-associated implications as well as higher costs, but may, in the long run, provide significant benefits.

Table 1: Comparison of two different states of designated authorities at country level.

Pros	Cons
Option 1. Centralized basic model	
Emphasis is on approving funding requests; NDA is a central clearing-house of proposals against national strategies. Emphasizes no-objection approval processes. Most likely government located; consultative when appropriate and works only with accredited IEs. NDA is not generating project proposals.	
Pros	**Cons**
1. Quickly operational especially in lower capacity environments; 2. Builds on existing country structures and accredited institutions; 3. Minimally reviews funding requests against national strategies: an incremental step towards programme over project funding; 4. Short-term costs are minimal; 5. No-objection approval process minimally roots decisions at country level.	1. Risks are government-centric with low multi-stakeholder engagement; 2. Maintains status quo; favours project-level funding rather than national programme strategies; 3. Places greater oversight responsibility with the Secretariat/the Fund.
Option 2. Decentralized expanded model	
NDA has or delegates authority to: coordinate funding requests around a national strategy through board-like or committee structure with multi-stakeholder membership and decision-making. Assumes oversight responsibilities and has robust selection processes for implementers.	
Pros	**Cons**
1. Greater multi-stakeholder engagement increases programme reach/scope and enhances credibility; 2. Devolves more responsibilities to country level actors and institutions; 3. Reduces transaction costs if donors are harmonized and aligned around a national strategy; 4. Promotes a more comprehensive, programme-based funding request; 5. Integrates multiple IIE projects under one national umbrella; 6. Places proposal development within country-driven committees.	1. Requires more time for coordination and input; 2. Has larger cost implications in terms of administration and coordination; 3. Requires a level of capacity that may take some time for many countries to attain; 4. Long lag times to build sufficient capacity for developing robust funding requests based on national strategies.

60. Both options can co-exist without contradiction, which would be particularly important for integrating a wide range of country capabilities. Moreover, through appropriate capacity building support, any country that initially chooses Option 1 could eventually move towards Option 2.

61. The two different Options are not presented here as a binary choice; they are general, illustrative typologies for two concurrent states of country-level programme planning and development funding. Countries may initiate funding requests under either option; countries already employing Option 2-type characteristics in the context of other existing funds should probably be encouraged to use existing systems also in the context of the Fund-related NDA, where practical.

62. Costs associated with in-country governance mechanisms should be minimal and would depend on the type and number of functions it is responsible to undertake. If the NDA were to function as a committee, greater costs would be incurred for meeting space, travel from districts, organizing reports, and communicating with other committee members.

63. In summary, and in line with other divisions of responsibilities, the NDA could be considered as an in-country coordination mechanism which would receive and recommend to the Board funding proposals and take on some strategic management functions (as described above). The Board may wish to define specific NDA responsibilities and functions in more detail as it finalizes its business model framework.

64. In the long-term, a more decentralized, expanded model could be a more efficient system of reducing transaction costs, and coordinating diverse agendas around a comprehensive national strategy. In terms of policy, the Board may want to consider an overarching set of governance principles, in line with the Governing Instrument, for NDAs and provide further guidance about Fund expectations on the role of NDAs.

65. In cases where countries are not in the position to set up a functioning NDA in the short term, the Board could consider whether such countries could consider delegating country coordination (i.e. the functions of an NDA) for a defined period of time to international entities that could be accredited for this specific purpose.

VI. Summary and next steps

66. In summary, the effective exercise of strategic management and oversight in and of itself is more important for all relevant stakeholders in a country context assuming ownership of Fund-supported activities than who exercises it. First, for some countries the success factors are in place for devolving aspects of this role to the country levels. For other countries this is not the case. Second, the discussion of different existing constellations in other funds underlines once more that the choice is not binary in terms of either devolving strategic management and oversight or not doing so. The options (and functions) presented above are used to represent aggregates of closely related but multiple responsibilities, which can be distributed in many ways to optimize country ownership in a given context.

67. Functions and specific responsibilities of (different variants of) NDAs as well as corresponding standards need to be spelled out in detail, based on the Fund's access modalities.

68. After receiving guidance from the Board at its June 2013 meeting, the specific principles and approaches to ensuring enhanced country ownership in a range of national contexts outlined in this document would need to be spelled out, drawing, where possible, on existing successful examples from other funds and development co-operation more broadly.

69. In particular, building on the Fund's access modalities and considering and informing the development of the Fund's accreditation procedures, country ownership-enhancing principles, concrete NDA definitions and specific checks and balances to ensure adequate stakeholder engagement could be prepared.

70. The Interim Secretariat could specifically:

(a) Elaborate best-practice principles and corresponding options for NDAs in respect of the options, policy choices and cross-cutting matters discussed in Section V, including options for ensuring country ownership in cases where an NDA is not feasible, at least initially;

(b) Take necessary steps to call on Parties to start the process of designating a Green Climate Fund focal point, and for submitting nominations for NDAs. In an initial phase, Green Climate Fund focal points, which could be identical to the existing UNFCCC focal points, could be nominated by countries as points of contact. Once the process for nominating NDAs is concluded, the NDAs would take over the responsibilities of the focal points;

(c) Prepare a document with concrete options for clear and specific rules for non-objection procedures regarding funding approval, including checks and balances to ensure adequate stakeholder engagement and participation in its use; and

(d) Ensure that the document on readiness and preparatory support to be prepared for the September 2013 Board meeting considers the idea of an outreach programme for the establishment of NDAs.

Annex I: Draft decision of the Board

The Board, having reviewed document GCF/B.04/04 *Business Model Framework: Country Ownership*:

(a) Decides that the national designated authorities (NDAs) referred to in the Fund's Governing Instrument are an important means to maximize the Board's convergence that the principle of country ownership is at the core of the Fund's activities;

(b) Further decides that countries should have flexibility in relation to NDAs: flexibility whether to designate an authority and flexibility as to its structure, operation and governance;

(c) Further decides that the following will be the minimum roles of Green Climate Fund NDAs, in line with the Options described in Section V of document GCF/B.04/04:

  (i) Ensuring consistency of funding proposals with national plans and strategies;

  (ii) Acting as the focal point for no-objection procedures; and

  (iii) Acting as focal point for Fund communications, including the nomination of National Implementing Entities.

(d) Further decides that the following will be optional, additional roles for NDAs:

  (i) Country coordination, including engagement across a range of relevant stakeholders; and

  (ii) Development and approval of funding proposals;

(e) Requests the Interim Secretariat to take all necessary steps to open a call to developing countries to start the process of:

  (i) Initially, designating a Green Climate Fund focal point; and

  (ii) Submitting nominations for NDAs as early as possible, and preferably before June 2014.

(f) Further requests the Interim Secretariat to reflect in the document on readiness and preparatory support to be prepared for the September 2013 Board meeting the idea of an outreach programme for the establishment of NDAs;

(g) Further requests the Interim Secretariat, under the guidance of the Co-Chairs and drawing on the experience of other funds, to prepare a document for consideration at the September 2013 Board meeting covering:

  (i) Minimum requirements for, and roles of, NDAs, and best practice for their establishment and composition;

  (ii) Best practice options for country coordination and multi-stakeholder engagement, including in the context of the development of funding proposals; and

  (iii) Modalities for the Board's transparent no-objections procedure.

Annex II: References and list of referenced and reviewed literature and information sources

[i] Monterrey Consensus Statement on Development Financing, Monterrey Mexico, March 2002., paragraph 40. "Effective partnerships among donors and recipients are based on the recognition of national leadership and ownership of development plans and, within that framework, sound policies and good governance at all levels are necessary to ensure ODA effectiveness."

[ii] Ibid, paragraph 43. Use development frameworks that are owned and driven by developing countries and that embody poverty reduction strategies…enhance recipient countries' input into and ownership of the design, including procurement of technical assistance programs"

[iii] http://www.oecd.org/development/effectiveness/31451637.pdf

[iv] The Rome Declaration on Harmonization also emphasized country-led efforts to streamline donor procedures and practices and a progressive reliance by donors on country systems to adopt international principles or standards and apply good practices.

[v] The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. http://www.oecd.org/development/effectiveness/34428351.pdf

[vi] The Accra Agenda for Action, page 3.

[vii] Governing Instrument, paragraph 46.

[viii] The procedure for dealing with requests from the Private Sector Facility will be developed by the Board, and implemented through national designated authorities in order to ensure consistency with national climates strategies, plans and a country driven approach.

[ix] Adaptation Fund website: https://www.adaptation-fund.org/page/parties-designated-authorities

[x] http://www.thegef.org/gef/focal_points

[xi] There are debates whether countries were required to form new, independent CCMs at the Global Fund's beginning in 2001-2002, or whether countries created CCMs anew for lack of having an analogous national coordinating body. Regardless of this, the Global Fund required countries to prove multi-stakeholder engagement and this requirement alone (among five other core requirements relating to transparency, accountability and social engagement) is often credited for having made the CCM a unique country ownership model.

[xii] Global Fund Framework document.

[xiii] CCM composition. GFATM 2008 summary report

[xiv] Strategic Investments for Impact: Global Fund Results Report 2012

[xv] Governing Instrument, paragraph 31.

[xvi] Bliss-Guest (2013): Patricia Bliss-Guest, Program Manager, CIF Administrative Unit, Presentation to the Workshop on Lessons Learned from Relevant Funds and Institutions, Tokyo, Japan, July 12, 2011, http://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_workshopcif.pdf

[xvii] http://www.thegef.org/gef/csos. "How can civil society participate in the GEF?"

[xviii] Revised CCM Guidelines, May 2011.

[xix] Bliss-Guest (2013): Patricia Bliss-Guest, Program Manager, CIF Administrative Unit,

Presentation to the Workshop on Lessons Learned from Relevant Funds and Institutions, Tokyo, Japan, July 12, 2011, http://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_workshopcif.pdf