

Green Climate Fund

Business Model Framework: Countries' Transparent No-objection Procedure

GCF/B.05/06

20 September 2013

Meeting of the Board

8-10 October 2013

Paris, France

Agenda item 4 (e)

Recommended action by the Board

It is recommended that the Board:

- (a) Takes note of the information presented in document GCF/B.05/06 *Business Model Framework: Countries' Transparent No-objection Procedure*;
- (b) Provides further guidance on policy matters and options regarding country ownership under the Fund; and
- (c) Adopts the draft decision presented in Annex I to this document.

Business Model Framework: Countries' Transparent No-objection Procedure

I. Introduction

1. At its June 2013 meeting, the Board considered a number of documents on the Fund's business model framework, including the document on country ownership (GCF/B.04/04) and decided to consider, at its next meeting, countries' transparent no-objection procedure (decision B.04/05 (c)).
2. This document presents the draft transparent no-objection procedure for adoption by the Board.

II. Role of an National Designated Authority or focal point

3. The Board decided at its June 2013 meeting that countries may designate a national designated authority (NDA), in conformity with the Governing Instrument, or mandate a country focal point to interact with the Fund.
4. For practical purposes, NDAs and focal points are expected to perform similar functions, outlined in decision B.04/05, paragraph (e):
 - (i) Recommending to the Board funding proposals in the context of national climate change strategies and plans, including through consultation processes;
 - (ii) Facilitating the communication of nominations of entities to the Fund;
 - (iii) Seeking to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies;
 - (iv) Implementing the no-objection procedure; and
 - (v) Acting as the focal point for Fund communication;
5. In the context of a no-objection procedure, the fundamental responsibility of an NDA or focal point is to formally communicate its no-objection to the Fund in a timely and specific manner, acknowledging that the funding proposal is consistent with the national climate change strategies and plans of the country. This would also help confirm that appropriate consultation processes relating to the funding proposals have been conducted with participation of relevant stakeholders.
6. The NDA or focal point also has the responsibility to facilitate the communication of nominations of potential sub-national, national and/or regional implementing entities to the Fund for accreditation.
7. An NDA or focal point would play no role in the accreditation of international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions, with the Fund. However, an NDA or focal point would have the responsibility to communicate officially its no-objection for each funding proposal submitted by these entities to undertake an activity in the country, and may also acknowledge its endorsement of the implementing entity.
8. While countries should have flexibility in relation to the location, structure, operation and governance of an NDA or focal point (decision B.04/05, paragraph (f)), a typical NDA or focal point may consist of:

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- A ministry or equivalent national institution with executive and functional oversight over national economic and development planning, budget oversight and management, including overview of climate change strategies and plans, and with capacity to coordinate sector ministries involved in their implementation;
 - An official and legal representative of such institution, at the level of minister or equivalent.

9. Countries may choose to mandate a focal point while undertaking a process for selecting an appropriate NDA and setting up all its necessary institutional capacities and country coordination mechanisms.

10. Annex II to this document contains a draft initial no-objection procedure for the Fund in response to the Board's intention to consider such a procedure at its October 2013 meeting.

III. Next steps

11. The Board agreed to consider at its first meeting in 2014 the following elements relating to country ownership:

- (i) Best practices for the establishment and composition of NDAs or focal points;
and
- (ii) Best-practice options for country coordination and multi-stakeholder engagement, including in the context of the development of funding proposals.
- (iii) Additional country ownership elements for consideration as part of the Board's 2014 work plan.

Annex I: Draft decision of the Board

The Board having considered document GCF/B.05/06 *Business Model Framework: Countries' Transparent No-objection Procedure*:

- (a) Decides that the Fund shall only finance activities in countries that do not object to such financing and provide a no-objection letter from the NDA or focal point;
- (b) Adopts the transparent no-objection procedure for funding proposals, to be implemented by sub-national, national, regional and international implementing entities, as contained in Annex II to document GCF/B.05/06;
- (c) Requests the Secretariat to present to the Board, for consideration in 2014, a transparent no-objection procedure for funding proposals submitted by intermediaries;
- (d) Decides that the procedure in Annex II to document GCF/B.05/06 refers to the submission of funding proposals only;
- (e) Notes that the no-objection procedure may be revised to reflect the Fund's evolving operational procedures;
- (f) Requests the Secretariat to publish the transparent no-objection procedure on the Fund's website and to communicate its operational details to all NDAs or focal points;
- (g) Notes convergence that, consistent with the principles of country ownership, NDAs or focal points should apply agreed best-practice in-country coordination and multi-stakeholder engagement;
- (h) Requests the Secretariat to develop, implement and communicate to developing countries the operational procedures for designating and registering NDAs or focal points;
- (i) Invites countries to nominate and register with the Fund, through the Secretariat, their respective NDA or focal point as soon as possible and no later than June 2014;
- (j) Requests the Secretariat to present to the Board an update on NDAs or focal points at its second meeting in 2014.

Annex II: Draft initial no-objection procedure of the Green Climate Fund for National Designated Authorities (NDAs) or focal points

Purpose

1. The purpose of the no-objection procedure is to ensure funding proposals presented to the Fund by NDAs or focal points are consistent with the country's climate strategies and plans.

Communication of no-objection

2. The NDA or focal point will be responsible for timely communication to the Fund of the country's no-objection to a funding proposal.

3. When communicating its no-objection, the NDA or focal point will provide a letter to the Fund clearly stating that the submitted proposal has been endorsed by the national government, is in conformity with its national priorities, and may include endorsement of the respective implementing entity.

4. In the case of applications for accreditation by subnational, national and regional intermediaries and implementing entities, the NDA/focal point will facilitate communication of the nomination through a letter of no-objection.

5. The no-objection letter must be signed by the official representative of the NDA or focal point, who will be a government official at the level of minister or equivalent.

6. The NDA or focal point will communicate its no-objection at the time of the submission of the respective funding proposal to the Fund. Failure to do so will preclude the proposal from being considered by the Fund.

7. In the case of regional or multi-country funding proposals, a no-objection letter is required from all recipient countries' NDAs or focal points.

8. The Secretariat will formally acknowledge the receipt of the no-objection letter to the NDA or focal point and respective implementing entity or intermediary.

Clarification

9. In the event of the Secretariat receiving a funding proposal from an NDA or focal point without a signed letter of no-objection, it will seek clarification from the NDA or focal point and request a no-objection letter to be submitted within two weeks.

Status of the no-objection procedure

10. Regarding no-objection status, funding proposals will be classified as "no-objection", "pending clarification" or "objected."

11. Only funding proposals with "no-objection" status will be considered by the Fund.

Review of the no-objection procedure

12. This no-objection procedure may be revised on the basis of evolving needs and experience gained in its implementation. The Board may request the Secretariat to conduct a review of the no-objection procedure.
