

Green Climate Fund

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# Country Ownership

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**GCF/B.06/07**

11 February 2014

**Meeting of the Board**

19-21 February 2014

Bali, Indonesia

Agenda item 11

## **Recommended action by the Board**

It is recommended that the Board:

- (a) Takes note of the information presented in document GCF/B.06/07 *Country Ownership*;
- (b) Provides 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.

## Country Ownership

### I. Introduction

1. At its October 2013 meeting, the Board considered a number of documents on the Fund's business model framework, including the document on countries' transparent no-objection procedure (document GCF/B.05/06) and decided to request the Secretariat to revise this document for consideration at its February 2014 meeting.
2. Taking into account the guidance provided by the Board, this document presents three elements: a no-objection procedure for approval by the Board, best practices for the establishment and composition of national designated authorities (NDAs) and focal points, and best-practice options for country coordination and multi-stakeholder engagement.

### II. No-objection procedure

#### 2.1 Summary of relevant experience of other funds/institutions and lessons learned

3. The Adaptation Fund and the Global Environment Facility (GEF) have both adopted and implemented procedures to ensure alignment and consistency with national priorities, primarily through their designated authorities and focal points. To some extent, they rely strongly on their implementing entities (IEs) or agencies to perform due diligence – yet endorsement procedures ensure high-level political approval and clearance.
4. The Climate Investment Funds (CIF) rely on the multilateral development banks (MDBs)-established procedures and country focal points for ensuring the country no-objection during the preparation of project proposals.
5. These mechanisms also allow authorities within the countries to reconsider or halt projects that are deemed inconsistent with national priorities or interests. Table 1 contains the relevant information regarding the experience of other funds/institutions with designated authorities and focal points and their functions, in the context of the no-objection or endorsement procedure.

**Table 1: Experience of other funds regarding designated authorities/focal points and endorsement/no-objection procedure**

Fund/Institution	Designated authority or focal point responsible for endorsement or no-objection procedure	Core functions of the designated authority or focal point
<b>Adaptation Fund</b>	Designated authority	Endorsing accreditation and project/programme proposals at the time of submission
<b>GEF</b>	Political focal point; Operational focal point	Endorsing selected IE, allocation amount, and proposal
<b>Clean Development Mechanism</b>	Designated national authority	Approval based on host country procedures
<b>International Finance Corporation (IFC)/MDBs</b>	Contact ministry (usually finance)	Notification of no-objection prior to consideration by the Board of Directors

6. In the case of CIF, the procedure of involvement for a government of a recipient country, and need for and process of obtaining a no-objection varies depending on whether the project is a public sector project or a private sector project. For public sector projects, the government of the recipient country is directly involved in the full operational cycle of projects or programmes, therefore, no additional requirements are needed.

7. For private sector and other projects where the government is not the client, CIF have procedures for requiring a government's no-objection. These procedures differ for private sector projects that are developed under an endorsed investment plan and those that are developed under the special set asides recently established for the Clean Technology Fund (CTF), Forest Investment Programme (FIP), Pilot Programme Climate Resilience (PPCR) and Scaling Up Renewable Energy Programme (SREP). There is also a set of procedures under the FIP's Dedicated Grant Mechanism (DGM).

8. Key lessons from this experience show that a no-objection is essential to legitimize the project or investment proposal in the context of national priorities, strategies and development plans.

9. In some of these cases, a no-objection also implies recognition that appropriate consultations have taken place in the design and preparation of the proposal, and in some other instances, the letter of endorsement or no-objection will imply that all relevant national regulations and laws have been complied with.

## 2.2 Objectives of a no-objection procedure

10. Guidance received from the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) clearly states that an effective and transparent no-objection procedure is critical 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 Green Climate Fund”.<sup>1</sup>

11. The no-objection is to be communicated by the NDA or focal point to confirm that funding proposals are in line with the country's national climate change priorities and strategies.<sup>2</sup> While the procedure makes allowance for diverse conditions and capacities in countries, it will apply to all funding proposals submitted to the Fund, including those from the private sector.

12. Application of the procedure by NDAs or focal points will give national governments the ability to retain an overview of all funding proposals taking place in their country, with a view to reviewing and seeking clarification on proposals that are ill-conceived, duplicative or of low priority.

13. Lastly, the proposed procedure aims to be clear and simple in order to promote swift access to funds. The procedure is not intended to place additional burden on countries nor hurdles in the consideration of funding decisions, but rather, to transparently facilitate the delivery of finance while ensuring country ownership.

## III. Best practices for the establishment and composition of national designated authorities and focal points

14. The primary objective of having NDAs or focal points is to establish a liaison for communication with the Board and the Secretariat, and an authoritative interface that can

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<sup>1</sup> COP decision 6/CP.18.

<sup>2</sup> Decision B.04/05, paragraph (e).

ensure country ownership of projects and programmes to be funded by the Fund through the implementation of the no-objection procedure.

15. The NDA or focal point fulfils an important function of representing the priorities and interests of the country in a clear and transparent manner.

### 3.1 Summary of relevant experience of other funds/institutions and lessons learned

16. In the case of the Adaptation Fund, eligible countries are required to appoint a designated authority (DA) through which they communicate with the Adaptation Fund Board and Secretariat. He/she should be an officer within the country's government administration, who is authorized to sign on behalf of the country. The DA is an individual, not an institution, and is appointed by a minister or ambassador. The DA's principal role is to verify and affirm that the proposal is consistent with national adaptation priorities. In the case of regional (i.e. multi-country) projects and programmes, the proposal submitted to the Board should be endorsed by the DA of each participating country. Changes in DA appointments should be communicated in writing to the Adaptation Fund Secretariat.

17. In the GEF context, all GEF member countries are required to choose focal points to coordinate, liaise, and communicate between the country and the GEF Secretariat and implementing agencies. Focal points play a vital role in ensuring coherence and consistency amongst GEF-funded projects. There are two types of focal points, the political focal points and the operational focal points. Political focal points are concerned with governance and political decisions and policies. They also liaise with the GEF Council and maintain relations with other GEF member countries. Operational focal points manage the operational aspects of GEF activities, including endorsement of project proposals, and facilitating GEF coordination, integration, and consultation at the country level.

18. Similar to the Adaptation Fund, there are no prescriptive guidelines in the GEF about the selection of focal points. It is, therefore, largely the country's prerogative to select the most appropriate individual. The experience, however, shows that most DAs and focal points reside in environment or finance ministries and are a specific individual in that office with the required level of authority.

19. With regard to international finance institutions (IFIs) and MDBs, countries designate a government contact for communication. There are no prescriptive guidelines regarding the appointment of a government contact, but typically ministries of finance are chosen for this role.

20. This experience demonstrates, in concrete terms, the importance of a fully functional and effective NDA or focal point in ensuring that countries retain ownership of projects or programmes while facilitating investments in their countries. In most cases, there are no formal or specific guidelines for the nomination or establishment of a focal point or designated authority, and this is usually left to the country's government to decide.

21. However, particularly in the cases of the Adaptation Fund and the GEF, it has been pointed out that ministries of environment or similar may not necessarily possess a comprehensive overview of the country's broader development agenda and related sources of funding and financial flows. In some cases, ministries of finance or planning are reportedly more authoritative in driving strategic decisions on the country's climate finance agenda.<sup>3</sup>

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<sup>3</sup> Orestein, K. et. al., The Green Climate Fund's "No-Objection" Procedure and Private Finance: Lessons Learned from Existing Institutions.

### 3.2 Criteria for operationalizing a national designated authority or focal point

22. The Board, at its June 2013 meeting, decided that countries may designate a NDA, in conformity with the Governing Instrument, or mandate a country focal point to interact with the Fund.<sup>4</sup> The following criteria intend to further streamline the operationalization of the establishment of NDAs or focal points:

- (a) An NDA is a designated institution in the country with the authority and mandate to officially communicate and liaise with the Fund, through the Secretariat, and whose registered signatory has principal signing authority on behalf of the national government on matters pertaining to the Fund; and
- (b) A focal point is a designated individual or an office in the national government that has the authority and mandate to officially communicate and liaise with the Fund's Secretariat and the Board on behalf of the national government. Depending on national circumstances, a focal point may be nominated as an interim measure in advance of the designation of the NDA.

### 3.3 Identification of key institutional capacities

23. Drawing on decision B.04/05, paragraph (e), the NDA or focal point needs to fulfil the following core capacities and functions:

- (a) Recommending to the Board funding proposals in the context of national climate change strategies and plans, including through consultation processes;
- (b) Facilitating the communication of nominations of implementing entities and intermediaries to the Fund;
- (c) Seeking to ensure consistency of funding proposals from sub-national, national, regional and international intermediaries and implementing entities with national plans and strategies;
- (d) Implementing the no-objection procedure; and
- (e) Acting as the focal point for Fund communication.

24. Furthermore, the NDA or focal point should play a pivotal role in coordinating priorities and activities in the country and facilitating convergence towards those priorities. The proposed best practice recommends additional desirable institutional capacities to enhance the performance of the NDA or focal point. It also recommends an ideal institutional profile in accordance with all the core and other features.

## IV. Best practice options for country coordination and multi-stakeholder engagement

25. Country coordination and multi-stakeholder engagement can take place at two different but complementary levels:

- (a) Strategic framework: national priorities, plans and strategies; and
- (b) Development of funding proposals.

26. At the country strategic framework level, the purpose of country coordination and multi-stakeholder engagement is to provide inputs to the development of national priorities and

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<sup>4</sup> Decision B.04/05, paragraph (c).

plans in order to enhance country ownership. This process may be undertaken by the country specifically to facilitate its engagement with the Fund, or through other national coordination and planning exercises and relevant studies, ongoing or completed. The NDA or focal point is deemed responsible for driving and coordinating these processes, given the broader scope of the coordination and stakeholder engagement.

27. In the context of development of funding proposals, effective engagement of project beneficiaries and affected communities/groups via consultations is an essential element in the preparation of funding proposals and should be aligned with the Fund's environmental and social safeguards. The intermediary or implementing entity will be deemed responsible for coordinating and facilitating these consultations and stakeholder engagement in the context of the preparation of specific funding proposals.

#### 4.1 Summary of relevant experience of other funds/institutions and lessons learned

28. Within the Adaptation Fund, consultations relate to the formulation of project/programme proposals only. It is the DA's prerogative to convene a steering committee or arrange consultative meetings. Otherwise, the onus of consultation falls on the implementing entity to explain how the proposed intervention has been designed and driven by affected communities themselves. While there are no specific consultation guidelines, the Adaptation Fund Board requires all fully-developed proposals to include a description and documentation of community and stakeholder consultations. There is also no guidance for ongoing or continuous consultation over the course of the project or programme implementation.

29. In the case of national implementing entities (NIEs) of the Adaptation Fund through the direct access modality, some NIEs have chosen to organize steering committees to catalyse in-country processes to define adaptation priorities and prioritize interventions.

30. The Global Environment Facility provides, on a voluntary basis, guidance for countries in defining national priorities through the National Portfolio Formulation Exercise (NPFE) via the direct access modality. Presumably, concepts presented in project identification forms (PIFs) should reflect the outcomes of the NPFE or equivalent process.

31. Within the NPFE, broad consultation with national stakeholders, including civil society, is encouraged. The GEF project cycle, therefore, as with the Adaptation Fund, has requirements and processes in place for project conception, design, and submission – yet lacks a mechanism for formal follow-up over the course of the project. The Global Environment Facility, therefore, to a large extent, relies on its implementing agencies to perform this function.

32. The Global Environment Facility adopted the Policy on Agency Minimum Standards on Environmental and Social Safeguards to be applied during the accreditation of new GEF agencies. These standards are inclusive of consultation with affected communities and civil society more broadly.

33. The Climate Investment Funds have created a process for country coordination mechanisms (CCMs) to support the development of countries' investment plans. They form a part of investment plans for most projects in FIP, SREP and PPCR programmes of CIF, which is a prerequisite for starting operations in a country.

34. Country coordination mechanisms vary depending on, inter alia, the recipient country's capacities and institutions, the sector in which the investment is made, the involvement of private entities, and the scope and range of stakeholders and partners. In countries where these mechanisms are in place, the preference is to build on existing structures, as opposed to creating new mechanisms.

35. Country coordination mechanisms also vary depending on whether activities are public or private. When the activity is private, coordination mechanisms are used more often at the

enabling environment level to prevent delays in implementation, rather than at the coordination level.

36. Under the Global Fund to Fight AIDS, Tuberculosis and Malaria, CCMs have a more integral role in proposal development and grant oversight. They submit grant proposals to the Global Fund based on priority needs at the national level, nominate entities accountable for administering the funding, and oversee progress during implementation. The CCM is recommended to be comprised of various stakeholders, with a minimum of 40 per cent non-governmental representation.
37. Lessons from the experience reviewed above seem to point to some key matters:
- (a) Country coordination mechanisms should try to complement, supplement, or otherwise align with those of other funds, institutions, and investments in the country;
  - (b) Use of existing institutions within the country, particularly institutional networks, should be prioritised to the extent possible in order to avoid proliferation of new institutions with high risk of lengthy set-up processes and redundancy; and
  - (c) Outreach for active involvement of relevant stakeholders in the country should take a holistic approach and engage actors across sectors, government areas relating to the country's climate agenda, communities and the private sector.

## V. Next steps

38. Based on the considerations presented in this document, Annex II proposes a no-objection procedure for approval by the Board. Following this, the no-objection procedure will become mandatory for approval of funding proposals.

39. Annex III proposes recommended best practices for the establishment and composition of NDAs or focal points, whereas Annex IV presents best-practice options for country coordination and multi-stakeholder engagement, including in the context of the development of funding proposals. These are recommended guidelines to assist countries and not mandatory in nature.

40. Regarding best-practice options for country coordination and multi-stakeholder engagement in the context of funding proposals, further elaboration will be conducted as part of the Fund's environmental and social safeguards, particularly safeguards on assessment and management of environmental and social risks and impacts,<sup>5</sup> including:

- (a) Key concepts and principles for multi-stakeholder engagement:
  - (i) Definition of stakeholders in the context of the Fund and a funding proposal;
  - (ii) Survey of the stakeholder landscape and stakeholder identification and analysis;
  - (iii) Information disclosure and communication;
  - (iv) Negotiation, partnerships and participation;
  - (v) Documentation and reporting to stakeholders;
  - (vi) Stakeholder grievance management;
  - (vii) Stakeholder involvement in project/programme monitoring.
- (b) Integration of best-practice options for multi-stakeholder engagement with the Fund's project and programme cycle and the Fund's environmental and social safeguards, including in the preparation and development of funding proposals, feasibility studies and planning, construction, operations, and downsizing, decommissioning, and divestment.

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<sup>5</sup> See document GCF/B.06/09.

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## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.06/07 *Country Ownership*:

- (a) Decides that the Fund will only finance activities in countries that do not object to such activities and funding and communicate a related no objection in accordance with the procedure approved in this decision;
- (b) Approves the initial no-objection procedure for funding proposals, contained in Annex II to document GCF/B.06/07, subject to such additional or special provisions as may be approved by the Board;
- (c) Requests the Private Sector Advisory Group to make recommendations, for consideration by the Board at its May 2014 meeting, for additional or special provisions regarding a no-objection procedure for private sector funding proposals;
- (d) Requests the Secretariat to make recommendations, for consideration by the Board at its May 2014 meeting, for additional or special provisions regarding simplified procedures for certain activities or special types of projects;
- (e) Endorses the initial best-practice guidelines for the establishment of national designated authorities and focal points, as contained in Annex III to document GCF/B.06/07, noting their relevance for the implementation of the programme of work on readiness and preparatory support;
- (f) Endorses the initial best-practice options for country coordination and multi-stakeholder engagement, set out in Annex IV to document GCF/B.06/07, noting that the specific guidance on multi-stakeholder engagement in the context of the development of funding proposals will be included in the Fund's environmental and social safeguards;
- (g) Encourages eligible developing countries, as well as entities in a position to provide readiness and preparatory support, to take into account the best-practice guidelines for the establishment of national designated authorities and focal points and the best-practice options for country coordination and multi-stakeholder engagement endorsed in this decision;
- (h) Reiterates its invitation to developing countries to nominate and register with the Fund, through the Secretariat, their respective national designated authority or focal point as soon as possible and no later than June 2014;
- (i) Requests the Secretariat to:
  - (i) Communicate the no-objection procedure to eligible developing countries and to make it available on the Fund's website;
  - (ii) Publish on the Fund's website the list and contact details of registered national designated authorities and focal points and present to the Board an update on their nomination and registration at its October 2014 meeting;
  - (iii) Communicate and publish the recommended best-practice guidelines for the establishment of national designated authorities and focal points, as well as the best-practice options for country coordination and multi-stakeholder engagement, for their use in accordance with this decision.

## **Annex II: Draft initial no-objection procedure**

### **I. Purpose**

1. The purpose of the no-objection procedure is 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. A no-objection is a condition for approval of all funding proposals submitted to the Fund.
2. The no-objection should be provided to the Secretariat prior to the decision in relation to the approval of the funding proposal.
3. In the case of applications for accreditation by sub-national, national and regional implementing entities and intermediaries, the national designated authority (NDA) or focal point will facilitate the communication of nominations of implementing entities and intermediaries to the Fund.

### **II. Communication of no-objection to funding proposals**

4. Each country will decide on its own nationally appropriate process for ascertaining no-objection to funding proposals according to country's capacities and existing processes and institutions.
5. The intermediary or implementing entity is required to include in its final submission of the funding proposal evidence of communication to the NDA or focal point that the funding proposal is to be considered for approval by the Fund and requesting the no-objection, clearly indicating the time lapse of three weeks for tacit no-objection in the absence of a response. Such evidence will include the date and copy of the communication from the implementing entity or intermediary to the NDA or focal point.
6. The NDA or focal point will communicate its no-objection to the Secretariat in conjunction with or following the final submission for approval of the funding proposal by the intermediary or implementing entity. The no-objection letter will be signed by the official representative of the NDA or focal point registered with the Secretariat. The communication will be provided by the NDA or focal point either directly to the Secretariat in writing via physical mail, fax, email, or other electronic means to be facilitated by the Secretariat, or through the concerned intermediary or implementing entity as an attachment to the funding proposal.
7. The Secretariat will formally acknowledge the receipt of the no-objection letter to the NDA or focal point and respective implementing entity or intermediary.
8. In cases of lack of communication from the NDA or focal point after the three weeks, the Secretariat will liaise with the NDA or focal point communicating that the funding proposal will be regarded as not objected unless the NDA or focal point communicates otherwise within an additional two-week period.
9. Communication of no-objection by the NDA or focal point, either explicitly or by lapse of time, will imply that:
  - (a) The government has no-objection to the funding proposal;
  - (b) The submitted funding proposal is in conformity with the country's national priorities, strategies, and plans, and that consistency was pursued; and
  - (c) The submitted funding proposal is in conformity with relevant national laws and regulations, in accordance with the Fund's environmental and social safeguards.

10. In order to enhance transparency, all no-objection communications will be made publically available on the Fund's website. Funding proposals under consideration following a tacit no-objection will also be publicly listed on the Fund's website with clear specification of the dates concerning the lapse of time. National designated authorities and focal points are also encouraged to make publicly available their communications of no-objection shortly after being issued, where possible and as applicable.

11. In the case of funding proposals relating to a programme, the no-objection will apply to all projects or activities to be implemented within the approved framework.

### **III. Funding proposals relating to a regional context**

12. In the case of funding proposals intended for implementation in a given region or group of countries, a communication of no-objection from the NDAs or focal points of the countries willing to participate will be required, either in writing or tacitly by lapse of time.

13. Such funding proposals will be able to obtain funding approval if at least one country communicated its no-objection in line with the provisions in this procedure. However, implementation of the proposal will only proceed in those countries whose NDA or focal point communicated their no-objection, either in writing or tacitly by lapse of time.

14. Implementation of the approved funding proposal in additional countries will proceed when the respective NDA or focal point of a country listed in the funding proposal communicates their no-objection to the proposal being implemented in their country, either in writing or tacitly by lapse of time.

### **IV. Communication of nominations of implementing entities and intermediaries to the Fund**

15. In the case of requests for accreditation of implementing entities or intermediaries, the NDA or focal point should facilitate the communication to the Secretariat of nominations of entities applying for accreditation as implementing entities or intermediaries, as appropriate.

16. This communication may be conveyed directly to the Secretariat or through the applicant entity.

### **V. Dissemination of the no-objection procedure**

17. The no-objection procedure will be made available by the Secretariat on the Fund's website and printed material where it will be explained in a user-friendly manner. Translations into other languages will be made where possible.

18. The Secretariat will assist NDAs and focal points in the understanding of the no-objection procedure upon request.

19. National designated authorities and focal points are encouraged to disseminate this procedure in their countries as appropriate and through their own websites and communication channels, especially in local languages.

### **VI. Review of the no-objection procedure**

20. This no-objection procedure may be revised on the basis of evolving needs and experience gained in its implementation.

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## **Annex III: Draft initial best-practice guidelines for the selection and establishment of national designated authorities and focal points**

1. The Board decided 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. It further decided that countries should have flexibility in relation to the location, structure, operation and governance of NDAs or focal points.
2. The following guidelines serve to help countries in selecting the most appropriate institution to be designated as NDA or focal point with a view to ensuring effective implementation of the Fund's activities.

### **I. Mandate**

3. The NDA or focal point will likely be placed within a ministry with authority and overview of the country's national budget, economic policies and their interrelation with climate change-related priorities and development plans.
4. The selected institution should ideally have a mandate that gives the institution the authority to work on, and influence, an appropriate combination of economic policy and development planning, with appropriate leverage over climate change, energy, sustainability, and environmental resource management priorities, strategies and plans.
5. In cases where this combination is not possible, it is recommended that the NDA or focal point be in a position to lead and coordinate a country coordination mechanism that allows for an overview of all these sectors.
6. Countries may choose to mandate a focal point while undertaking a process for selecting and establishing an appropriate NDA and setting up all its necessary institutional capacities and country coordination mechanisms, or in cases where special national circumstances so determine. The focal point will therefore fulfil all functions until the NDA is established.

### **II. Capacities**

7. Ideally, the NDA or focal point should possess or attain through country coordination mechanisms and institutional networks within the country:
  - (a) Adequate knowledge of national priorities, strategies, and plans;
  - (b) Ability to contribute to, and drive, national development strategies and plans;
  - (c) Familiarity with both mitigation and adaptation efforts and needs in the country;
  - (d) Familiarity with relevant institutions and stakeholders in the countries (including contacts with multilateral and bilateral institutions, civil society organizations, and sub-national, national or regional entities that may be potential candidates for accreditation as intermediaries or implementing entities);
  - (e) Capacity to facilitate and coordinate country coordination mechanisms and multi-stakeholder engagement for country consultations;
  - (f) Ability to monitor and evaluate in accordance with relevant guidelines of the Fund; and
  - (g) Overview of activities of other relevant multilateral, bilateral, regional and global funding mechanisms and institutions working in the country.

8. The NDA or focal point should be able to maintain regular communication with the secretariat in English through Internet-based correspondence, facilitate country visits and meetings with Fund's officials, and able to provide written communication as required.
9. The NDA or focal point should also be able to disseminate in local languages key operational procedures of the Fund, including its environmental and social safeguards and no-objection procedure.
10. The NDA or focal point should also retain an overview of all funding proposals relating to the country and facilitate available information on the projects and programmes through appropriate media and relevant networks, including in local languages.
11. The NDA or focal point should be familiar with multilateral finance and be able to interact with private sector actors in the country.

### **III. Authority**

12. The legal authority for the NDA or focal point with signing capacity should be at the level of minister or equivalent, with the authority to oversee the capacities outlined in Section II.
13. The NDA or focal point should aim to have a team responsible for coordinating and driving communication with the Fund and managing operational activities.

### **IV. Position relative to designated authorities or focal points of other funds**

14. In order to ensure consistency with national priorities, strategies, and plans, the NDA or focal point should have the ability to interact and coordinate with the focal points and designated authorities of other funds, if applicable and as appropriate.
15. The NDA or focal point should be familiar with the operations of other funds within the country. Based on country capacities, the NDA or focal point should also drive and coordinate relevant country coordination mechanisms and multi-stakeholder engagement, as needed and appropriate. Accordingly, the NDA or focal point should ideally be able to oversee and streamline the country's engagement with all sources of internal and external climate finance.

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## **Annex IV: Draft initial best-practice options for country coordination and multi-stakeholder engagement**

1. The Fund will have a broad scope, funding both mitigation and adaptation activities through multiple access modalities, including through the private sector and other innovative financial instruments. Consequently, on an operational level, it will involve various sectors at multiple levels of governance.
2. It is recommended that countries consider the following criteria for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals, as appropriate.

### **I. Country strategic framework**

3. National climate change strategies, plans and priorities will be the strategic framework for the preparation and implementation of funding proposals. Recipient countries may therefore define their strategic framework on the basis of existing national climate change plans and strategies, including nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) and national adaptation programmes of action (NAPAs), or choose to develop a Fund-specific strategic framework drawing on existing relevant national plans and strategies. The Fund may provide assistance for the identification of these national strategic frameworks in the context of the Fund's work programme on readiness and preparatory support.
4. In order to ensure systematization of country coordination and multi-stakeholder engagement, countries could be encouraged to design a consultative process through which national climate change priorities and strategies can be defined.
5. A consultative process should aim to be an ongoing process rather than a discrete activity only occurring once without the possibility of follow up, continuous update and regular assessment of progress.
6. These consultative processes should be inclusive and seek to engage all relevant actors within the government, the private sector, academia, civil society and other relevant stakeholder groups or sectors.
7. Criteria and options for country coordination through consultative processes may include:
  - (a) Use of existing regular country meetings or national planning/dialogue exercises, including in the context of other sources of funding for climate change activities, for sharing of lessons and collection of inputs and views;
  - (b) Establishment, when possible and national circumstances allow, of a dedicated country coordination mechanism for the country's identification of its strategic framework in the context of the Fund;
  - (c) Integration into other relevant national consultations processes or programming exercises that may enable synergies and exchange of complementary information;
  - (d) Building on the country's prior experience in coordinating cross-sectoral initiatives and investments and engagement with other sources of finance.

### **II. Development of funding proposals**

8. Country coordination and multi-stakeholder engagement are critical for effective preparation of funding proposals, as well as ongoing monitoring and evaluation after approval.

This process should be well aligned with relevant provisions of the Fund's environmental and social safeguards, which require, among others, that all projects/programmes will be designed and implemented to be consistent with the Fund's requirements for stakeholder engagement and disclosure.

9. The Fund's environmental and social safeguards also require that funding proposals for projects/programmes will also need to have an environmental and social management system (ESMS) that establishes a process of stakeholder engagement and disclosure.

10. Guidance in the application and use of the Fund's environmental and social safeguards, which includes the matters mentioned above, will be made available in the context of the guiding framework for the Fund's accreditation process.

11. Country coordination mechanisms are also important in supporting the on-going monitoring and evaluation of the Fund's projects and programmes, thus allowing for a process for evaluation at various stages of the project cycle.

12. Through collaboration with intermediaries and implementing entities, country coordination and multi-stakeholder engagement processes may facilitate forums, meetings, or workshops to review progress against results frameworks, discuss best practices and challenges, identify opportunities for enhancing coherence, and integrate lessons learned into relevant plans and priorities.

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