



**GREEN  
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# Country ownership guidelines

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## **Summary**

The document outlines an approach to the development of country ownership guidelines, referring to the roles of and opportunities provided to all relevant actors: GCF, NDAs and FPs, Accredited Entities.

It builds on decisions already taken by the Board, consultations carried out with Board members, conversations with stakeholders, findings from National and Regional Structured Dialogues as well as early learnings from GCF-funded activities.

## I. Introduction

1. In decision B.10/10, the Board recognized the importance of enhancing country ownership and country-driven processes and requested the Secretariat to prepare a proposal of guidelines strengthening the role that national designated authorities (NDAs)/focal points (FPs) can play in this regard.
2. The Initial Strategic Plan for the GCF adopted by the Board in B.12 further defines the strategic vision for the Fund. Through NDAs and focal points, the GCF will support the implementation of the Paris Agreement and leverage its status as an operating entity of the financial mechanism of the UNFCCC to set new standards with regard to country ownership, direct access and level of ambition impacting the global practice of climate finance beyond its immediate engagement. The GCF will ensure full country ownership through its operational modalities and by providing adequate support to build the required country capacity.

## II. Summary of inputs

3. Several developing country Board members provided inputs for this document, in written form as well as through two calls with the Secretariat on 31 August and 6 September 2016, respectively. This section briefly summarizes the inputs received.
  - (a) General principles
    - (i) Guidelines should be broad and not prescriptive
    - (ii) It should facilitate the review, assessment and approval process, not constitute a barrier
    - (iii) It should consider the roles of three actors – the GCF, NDAs/focal points and Accredited Entities/Delivery Partners
    - (iv) It should enable both developed and developing countries to meet their commitments under the Convention and the Paris Agreement
    - (v) GCF funding should support the implementation of national laws, policies and plans on climate change, respecting the practices of national governments
  - (b) GCF operational modalities
    - (i) Integrate country ownership into GCF policies and procedures
    - (ii) Consider measures to ensure NDAs/focal points drive the process of the project/programme development cycle
    - (iii) Facilitate openness and transparency by all three actors – the GCF, NDAs/focal points and Accredited Entities/Delivery Partners
    - (iv) Consider measures to independently evaluate country ownership practices and for handling complaints
    - (v) Enhance support to direct access entities to be accredited and develop projects/programmes
    - (vi) Improve information dissemination, including through regional and international events, to assist countries in better understanding the processes for accessing GCF funding

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- (c) NDAs/focal points
    - (i) Should take a lead role by driving the process of formulating country programmes, projects and programmes, and their subsequent implementation.
    - (ii) Should have effective coordination mechanisms to ensure participation of national actors and stakeholders
    - (iii) Should have access to recurring support to maintain capacities to exercise leadership, and such support should be flexible enough to respond to different country circumstances
  - (d) Accredited entities
    - (i) Should fully consult with NDAs/focal points in the preparation of projects/programmes, and their subsequent implementation
    - (ii) Should strive to use national execution modalities for the preparation and subsequent implementation of projects/programmes
    - (iii) Should avoid applying overseas development assistance requirements to GCF funding

### **III. Options for Board Consideration**

4. Based on the inputs received and taking into account prior Board decisions, the Board may wish to consider adopting the Guidelines on Country Ownership in Annex I.

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.14/05 titled “Country Ownership Guidelines”:

- (a) Adopts the Guidelines on Country Ownership in Annex II to this document; and
- (b) Requests the Secretariat, the Accredited Entities, delivery partners and NDAs/FPs to implement the Guidelines; and
- (c) Also requests the Secretariat to continue to develop the Guidelines based on observations from current best practices.

## Annex II: Guidelines on Country Ownership

1. The Fund will strengthen the Country Ownership principles and continuously reflect them in the programming process.

### I. Overview of Board decisions

2. This section summarizes decisions taken by the Board to address country ownership, the role of NDAs and focal points, and other stakeholders in the operational modalities of the GCF, including the accreditation, programming, proposal approval and monitoring and accountability processes.

#### 1.1 Role of NDAs and focal points

3. In accordance with the paragraph 46 of the Governing Instrument, the NDA will recommend to the Board funding proposals in the context of national climate strategies and plans, including through consultation processes. The NDA will also be consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans.
4. In accordance with decision B.04/04, the NDAs and focal points will:
  - (a) recommend to the Board funding proposals in the context of national climate change strategies and plans, including through consultation processes;
  - (b) facilitate the communication of nominations of entities to the Fund;
  - (c) seek to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies;
  - (d) implement the no-objection procedure; and
  - (e) act as the focal point for Fund communication;

#### 1.2 Development of country programmes

5. The institution within which the NDA or focal point of a country is placed should have a mandate that enables it to work on and influence an appropriate combination of economic policy and development planning, or be in a position to lead and coordinate a country coordination mechanism that allows for an overview of climate change, energy, sustainability and environmental resources management as they relate to the country's climate change strategies and plans.<sup>1</sup>
6. The criteria and options for country coordination through consultative processes may include:<sup>2</sup>

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<sup>1</sup> Decision B.08/10, Annex XIII: Initial best-practice guidelines for the selection and establishment of national designated authorities and focal points.

<sup>2</sup> Decision B.08/10, Annex XIV: Initial best-practice options for country coordination and multi-stakeholder engagement.

- (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, the sharing of lessons learned 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 priorities in the context of the Fund;
- (c) Integration into other relevant national consultations processes or programming exercises that may enable synergies and the exchange of complementary information; and
- (d) Building on the country's prior experience in coordinating cross-sectoral initiatives and investments and engaging with other sources of finance.

7. In the context of its mandate, the NDA or focal point of a country may develop a country programme and lead the process of doing so, taking a gender-sensitive approach.<sup>3</sup> It will engage stakeholders including governments, sub-national institutions, civil society and the private sector. Through enhanced readiness support, the GCF will facilitate and support a structured dialogue involving the Secretariat, the NDAs or focal points, relevant accredited entities, and other country stakeholders, including the private sector, to develop country programmes and determine which priorities identified by country strategies are the best match for GCF support.<sup>4</sup> It will also help NDAs or focal points identify the best accredited entities and other partners, and design programming that meets the investment criteria of the GCF.

8. Such a country programme will build on the country's existing strategies and plans and may include the country's development and climate context, the roles and contributions of key stakeholders including accredited entities, the country's programming priorities, its alignment with the GCF's objectives, readiness needs and its complementarity with existing readiness support, and monitoring and evaluation.<sup>5</sup> The Secretariat has developed a standardized template to guide NDAs and focal points in the development of their country programmes and is piloting it with more than 20 countries. Countries may also collaborate to develop regional or multi-country programmes with a common set of programming priorities and readiness needs.

9. Readiness support is available to countries to establish and strengthen their NDAs and focal points to engage with government, civil society and private sector stakeholders, and to develop their strategic frameworks for engagement with the GCF, including country programmes.<sup>6</sup> To ensure that the GCF's pipeline meets the transformational ambition of the GCF, readiness support will be enhanced to establish and strengthen the capacity of NDAs and focal points and to prepare their country programmes.<sup>7</sup>

### 1.3 Pipeline development and the initial proposal approval process

10. To develop a pipeline of funding proposals with transformational projects and programmes that meet the GCF's investment criteria, the Initial Strategic Plan calls for the GCF to proactively engage in high-level consultations with NDAs or focal points and accredited entities related to the identification of national and regional priorities and programmes that meet the GCF investment criteria. It also calls for consultations with NDAs and focal points in the use of simplified RFPs targeting promising and innovative approaches aimed at the public

<sup>3</sup> Decision GCF/B.08/11, Annex XVII: Initial general guidelines for country programmes.

<sup>4</sup> Decision B.12/20, Annex I: Initial strategic plan for the GCF.

<sup>5</sup> Decision B.08/11, Annex XVII: Initial general guidelines for country programmes.

<sup>6</sup> Decision GCF/B.08/11.

<sup>7</sup> Decision B.12/20, Annex I: Initial strategic plan for the GCF.

and private sector, and in rolling out proven approaches that can be rapidly rolled out in new locations where they match that country's priorities.

11. The Initial Strategic Plan also requests accredited entities to prepare, in consultation with NDAs and focal point, annual or multi-annual work programmes based on a standard template provided by the Secretariat. Such work programmes would identify and describe the projects, programmes and other activities for each country, their indicative costs and how they would be a good fit for the GCF. Such work programmes are being piloted with the direct access accredited entities following their participation in the "Accelerating Direct Access" event organized at the GCF headquarters on 25-29 April 2016.

12. In the project and programme activity cycle of the initial proposal approval process of the GCF, the NDAs or focal points may submit spontaneous funding proposals to the Secretariat, and they are also to be consulted when the Secretariat provides feedback on concept notes and funding proposals submitted by accredited entities.<sup>8</sup> The GCF will also provide enhanced readiness support to engage and support NDAs and focal points in developing concept notes and funding proposals that have the potential to yield an impacts at scale and contribute to the implementation of countries' priorities as identified in INDCs or other national strategies and plans.<sup>9</sup> In this process, the Secretariat will facilitate a dialogue between NDAs or focal points and relevant accredited entities.

13. In line with the GCF's initial no-objection procedure, the NDA or focal point of a country also provides a no-objection letter in conjunction with any submission of a funding proposal.<sup>10</sup> A no-objection is a condition for approval of all funding proposals and is aimed to ensure consistency with national climate strategies and plans and country-driven approaches. Before communicating its no-objection, each country will decide on its nationally appropriate process for ascertaining no-objection to funding proposals according to the country's capacities and existing process and institutions. Readiness support may be provided to countries for this purpose and several countries have accessed the Readiness and Preparatory Support Programme for this purpose.

14. For funding proposals relating to a programme, the no-objection will apply to all projects or activities to be implemented within the approved framework.<sup>11</sup> For programmatic funding proposals covering multiple countries, the NDA or focal point of each country covered by the proposal will communicate its no-objection to the Secretariat in conjunction with the submission of the programmatic funding proposal for approval.

## 1.4 Promoting direct access

15. NDAs and focal points will identify competent subnational, national and regional institutions that their countries can leverage to implement their GCF country programmes and seek Secretariat support in doing so where need. Through the accreditation process, the GCF will assess the conformity of their potential for direct access to the GCF, and the NDA or focal point may request readiness support to meet the GCF's fiduciary standards, environmental and social safeguards, and gender policy in order to get accredited to the GCF.<sup>12</sup>

16. In addition, NDAs and focal points will facilitate the participation of competent institutions in their countries in the Enhancing Direct Access request for proposals (RFP) as

<sup>8</sup> Decision B.07/03, Annex VII: Project and programme activity cycle.

<sup>9</sup> Decision B.12/20, Annex I: Initial strategic plan for the GCF.

<sup>10</sup> Decisions B.07/03, annex VII and B.08/10, annex XII.

<sup>11</sup> Decision B.08/10, annex XII.

<sup>12</sup> Decision GCF/B.08/11.

well as other RFPs launched by the GCF. The identification of institutions will follow a consultative process and when relevant, a competitive process led by the NDA or focal point. Once accredited, a direct access entity can also request, with the endorsement of the NDAs or focal point, readiness support to enhance their capacity to generate projects and programmes in line with the investment criteria of the GCF.

## 1.5 Monitoring the impact of the GCF's country activities

17. NDAs and focal points will participate to the monitoring and evaluation of activities financed by the GCF in their countries. Ideally, the NDA or focal point should be able to oversee and streamline the country's engagement with all sources of internal and external climate finance (e.g. the other operating entities of the Convention such as the GEF, the AF etc.).<sup>13</sup>

18. Country coordination mechanisms are important in supporting the ongoing monitoring and evaluation of the GCF's projects and programmes in the country. In particular, in line with the Monitoring and Accountability Framework, the NDA or focal point of a country will lead an annual participatory review of the projects in their countries with the participation of all relevant stakeholders.<sup>14</sup> In addition, they will receive mid-term, final and ex-post evaluation reports of projects and programmes implemented in their countries for information and for incorporation of lessons learned in their subsequent country programmes.

19. Finally, with the support of the Secretariat and relevant outside expertise, NDAs and focal points will assess the impacts of GCF activities undertaken in their countries as aggregated and reported by accredited entities at the country level impacts.

## II. Measuring Country Ownership

20. The Fund will consider Country Ownership as the measure through which countries, in consultation with relevant national stakeholders, lead on their efforts to mitigate and adapt to climate change. Through this engagement, the Fund will support countries in establishing adequate institutional arrangements to ensure maximum and lasting impact of funded activities.

- (a) In particular, the programming process will address existing strategies, laws and policy frameworks at national and international level. It will make reference to the country's INDC, NAMAs, and NAPs where applicable, as well as national, sub-national and local climate policy frameworks, ensuring GCF climate finance is aligned to national priorities.
- (b) Supporting this process, the Fund will develop tools to assess the degree of country ownership in the GCF funded activities and foster sharing of best practices on country ownership emerging through their implementation.

## III. Reflecting Country Ownership in the Fund's Operational Modalities

21. The principle of country ownership will be mainstreamed into all GCF operational modalities including the Readiness Programme, the Project Preparation Facility, the Proposal Approval process as well as the Accreditation process. NDAs/focal points have a key role in driving these processes in a way which builds institutional capacity.

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<sup>13</sup> Decision B08/10, annex XIII.

<sup>14</sup> Decision B.11/10.

- (a) NDAs/focal points are encouraged to establish national coordination mechanisms, formal consultation processes and no objection procedures. They can access the Readiness Programme to support this effort. The Fund will assess the possibility to provide sustainable resources to NDAs/ focal points in order to ensure the continuity of such arrangements.
- (b) Following national consultation processes, the NDA/focal points should take a fit-for-purpose approach with regards to their engagement with existing and potential entities. They will treat the nomination of Direct Access Entities as well as partnerships with International Entities in a manner that can cover the various needs of their countries. Direct Access Entities should be provided with adequate and timely support to build capacity in order to address national priorities
- (c) The collaboration of Accredited Entities is essential. They should engage early with the NDAs/focal points on their identified priorities, making links to policy frameworks and plans and use national execution modalities for the preparation and subsequent implementation of projects/programmes.
- (d) In communicating with Accredited Entities on the consideration of the funding proposals, the GCF secretariat should ensure that NDAs/focal points are kept informed.

#### **IV. Mainstreaming Country Ownership principles in the Fund's policies**

- 22. Acknowledging the importance of thorough consultation processes in supporting country-ownership, the GCF will develop a stakeholder engagement policy and standards as part of its Environmental and Social Management System.
- 23. To foster early engagement of AEs with NDAs/focal points,
  - (a) AEs should engage NDAs/focal points at the design stage of projects and programmes.
  - (b) The Fund will encourage AEs to secure interest from NDAs/focal points before submitting a concept note to the Secretariat,
  - (c) The Fund will consult NDAs/focal points before providing feedback on a concept note received from AEs,

#### **V. Leveraging Country Programmes and Structured Dialogues**

- 24. Structured Dialogues at national and regional level facilitated or supported by the Fund will be seized as opportunities to further expand on these concepts as well as strengthen pipeline development processes.
- 25. Country programmes will capture the diversity of activities and processes taking place at national level and how they support each other by:
  - (a) Linking individual funding proposals to the national agenda
  - (b) Supporting long-term planning through the identification of financing needs and relevant implementing entities
  - (c) Acting as the framework for constant capacity-building at country level consolidating all interactions in terms of Readiness, PPF and funding proposals.
  - (d) Supporting direct access and fostering collaboration between international entities and local institutions



26. The Secretariat will continue to develop these guidelines based on observations from current best practices.

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