



**GREEN
CLIMATE
FUND**

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Country Ownership Guidelines

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: the GCF, National Designated Authorities or focal points, and Accredited Entities.

It builds on 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.

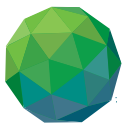


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I. Introduction

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.

3. Subsequently in decision B.14/06, the Board requested Mr. Colin Young (Board member, Belize) and Ms. Kate Hughes (alternate Board member, United Kingdom of Great Britain and Northern Ireland), to consult with the Board intersessionally with a view to presenting revised country ownership guidelines for consideration by the Board at its fifteenth meeting.

II. Summary of inputs

4. 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) Guidelines should facilitate the process of review, assessment and approval of proposals, not constitute a barrier
- (iii) Guidelines should consider the roles of three actors – the GCF, NDAs/focal points and Accredited Entities/Delivery Partners
- (iv) Guidelines should be supportive of country-driven strategies 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, including nationally determined contributions, as appropriate, 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

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- (vi) Improve information dissemination, including through regional and international events, to assist countries in better understanding the processes for accessing GCF funding
 - (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 [Must] fully consult with NDAs/focal points in the preparation of projects/programmes, and their subsequent implementation
 - (ii) Should strive to use national capacities, including local knowledge, expertise and institutions in the preparation and subsequent implementation of projects/programmes, where possible
 - (iii) Should apply requirements of the GCF Governing Instrument to GCF funding

III. Options for Board Consideration

5. 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 II.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.15/06 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 follow 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

I. Guiding principles

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 Fund will consider Country Ownership as the measure through which countries, through consultation with relevant national, local, and community-level stakeholders, can demonstrate ownership of, and commitment to, efforts to mitigate and adapt to climate change. The Fund will continue to strengthen the Country Ownership principles and continuously reflect them in its policies and activities.
3. The principle of country ownership is reflected in the Governing Instrument and various Board decisions. Decisions B.07/03, annex VII and B.08/10, annex XII establish the role of the NDA or focal point in the initial approval process, including the no-objection procedure. Decisions B.08/10, Annex XIII also provides initial best-practice guidelines for the selection and establishment of national designated authorities and focal points, while Annex XIV provides initial best-practice options for country coordination and multi-stakeholder engagement, Decision GCF/B.08/11, Annex XVII also provides initial general guidelines for country programmes to enable country ownership through NDA leadership of the process. Further, Decision B.11/10 further elaborates on the role of the NDA or focal point of a country to lead an annual participatory review of the GCF portfolio in their countries with the participation of all relevant stakeholders.
4. While this document doesn't attempt to provide a further definition of the concept of Country Ownership, submissions from Board/Alternate members highlighted the following components as being important:
 - (i) The need for the guidelines to remain flexible and not be too prescriptive – recognising the wide range of different country contexts;
 - (ii) The need to recognise that country ownership is an ongoing and evolving process: it is not a fixed state;
 - (iii) The respective roles of Nationally Designated Authorities (NDAs), Accredited Entities (AEs) and the Secretariat in ensuring country ownership in the development and implementation of projects and programmes;
 - (iv) The importance of NDAs having sufficient capacity and capability to adequately perform their functions, as outlined in decision B.04/05 and B.08/10 Annex XIII;
 - (v) The potential for the development of country programmes to contribute to the strengthening of country ownership;
 - (vi) The need for country ownership to continue throughout the project cycle, from readiness activities, and the pre-concept stage, through implementation to monitoring and evaluation of a project or programme; and
 - (vii) The importance of ensuring effective engagement of and ownership by relevant national and sub-national stakeholders such as the local governments at the municipal or village-level, private sector, local communities, academia and civil society organizations, including indigenous peoples and women's organizations, throughout the project cycle, in line with the initial best-practice options for country coordination and multi-stakeholder engagement outlined in decision B.08/10 Annex XIV and decision B.10/10.

II. Building Country Ownership through Country Programmes and Structured Dialogues

5. The development of country programmes, identifying national priorities for investment in climate change related activities, can be a key component of ensuring country ownership. Country programmes should take into account existing strategies, laws and policy frameworks at national and international level. The process of developing a country programme should take into account the country's (I)NDC as well as NAMAs, NAPAs, NAPs and/or other adaptation planning processes where applicable, as well as regional, national, sub-national and local climate policy frameworks, ensuring GCF climate finance is consistent with national priorities. Country programmes should be developed taking into account the best practice principles for multi-stakeholder engagement¹.

6. Country programmes should 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 INDCs/NDCs and other existing national strategies and plans, including NAMAs, NAPAs, NAPs and other adaptation planning processes, as appropriate;
- (b) Supporting long-term planning through the identification of financing needs and relevant implementing entities;
- (c) Acting as the framework for capacity-building at country level, consolidating all interactions in terms of Readiness, PPF and funding proposals; and
- (d) Supporting direct access and fostering collaboration between international entities and local institutions, as appropriate.

7. Structured Dialogues at national and regional level facilitated or supported by the Fund will be seized as opportunities to further expand on the ideas expressed in para (2) above, as well as sharing lessons and experience to inform and strengthen pipeline development processes. Structured Dialogues also offer an opportunity for developing countries and accredited entities to forge partnerships consistent with the particular expertise and experience of the accredited entities in specific sectors or regions.

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

8. The principle of country ownership will be considered in the design of all GCF operational modalities and relevant related policies including the Readiness Programme and the Project Preparation Facility, the Proposal Approval process, including the simplified approval process, as well as the Accreditation process, recognising that country ownership is a continual process, not a fixed state. NDAs/focal points have a key role in driving these processes in a way which builds institutional capacity.

9. Readiness and preparatory support is recognised as a key instrument for enhancing country ownership. Countries are encouraged to access the readiness programme for a range of activities through which country ownership can be strengthened, including the preparation of country programmes; building in-country institutional capacities including for country coordination and multi-stakeholder consultation mechanisms; developing the capacities of potential regional, national and subnational implementing entities, and intermediaries; and

¹ Decision B.08/10 Annex XIV

building the capacity of NDAs /FPs to perform their role in coordinating and overseeing GCF activity in their respective countries².

10. When considering accreditation to the GCF, NDAs / focal points should consider the nomination of Direct Access Entities and/or partnerships with International Entities, in a manner that can cover the various needs and priorities of their countries. NDAs/focal points may also request readiness support to identify and prioritize national priorities, in coordination with accredited entities, and in consultation with other stakeholders. They may also request readiness support for applicant institutions, including Direct Access Entities, to address identified gaps to enable them to meet the GCF standards and to build their capacity to engage with the GCF³.

11. Once accredited, close collaboration between the Accredited Entities and the NDAs / focal points is essential. Accredited Entities must engage at the earliest possible stage with the NDAs/focal points on their identified priorities, making links to policy frameworks and plans, and engaging closely with the NDAs / focal points on how to make use of local capacities, including knowledge, expertise and institutions in the preparation and subsequent implementation of projects/programmes.

12. The role of Accredited Entities in developing funding proposals is key to embedding country ownership. Ideas for projects or programmes can originate with NDAs / focal points or with Accredited Entities, and may also come from other sources. Where an idea originates with an Accredited Entity (or an organisation looking to become an AE), they must engage as early as possible with the NDAs / focal points on the potential project or programme. This should be done at the concept note stage where appropriate (noting that concept notes are voluntarily submitted to the GCF), and in all cases should occur to allow sufficient time for appropriate multi-stakeholder engagement to take place, in particular with affected communities and potential beneficiaries. In providing feedback to Accredited Entities on concept notes, or on the consideration of funding proposals, the GCF Secretariat and the Accredited Entity must ensure that NDAs/focal points are kept informed on the development and progress of the concept note or funding proposal.

13. The no-objection procedure, by which funding proposals should not be submitted to the GCF without a letter confirming that the recipient country does not have an objection to the proposed project or programme, is designed to ensure consistency with national climate strategies and plans and country-driven approaches⁴. Although a no-objection letter is not required for the voluntary submission of a concept note, Accredited Entities, when submitting a concept note, should include a description of how engagement with the NDA(s) and other relevant stakeholders in the country has taken place and what further engagement will be undertaken as the concept is developed into a funding proposal.

14. Proper stakeholder engagement and coordination at the national level is critical for the effective preparation of funding proposals, as well as ongoing monitoring and evaluation after approval. Developing countries are urged 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 as set out in decision B.08/10 Annex XIII and Annex XIV. NDAs/focal points are encouraged to establish national coordination mechanisms and formal consultation processes. They can access the Readiness Programme to support this effort.⁵

15. A consultative process should aim to be an ongoing process through the design, implementation, monitoring and evaluation and exit stages of a project or programme, rather

² Decision B.05/14 and decision B.08/11

³ Decision B.13/32 Annex VII

⁴ Decision B.08/10 Annex XIII

⁵ Decision B.08/11 (i)

than a discrete activity occurring only once. This will allow the possibility of follow up, continuous update and regular assessment of progress. 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 sectors⁶. Establishing such ongoing stakeholder engagement and country coordination should help to ensure the coherence of GCF funded activities with national priorities and existing strategies and plans.

16. 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 that will foster early engagement between the Secretariat, AEs and NDAs/focal points, including during the proposal design stage.

IV. Monitoring and developing Country Ownership

17. Recognising that country ownership is an underlying principle and an ongoing process, not a fixed state, and that country ownership may mean different things in different contexts, quantitative measurement of country ownership is unlikely to provide meaningful results. However, the importance of the principle means the Fund should attempt to understand how the principle of country ownership is being given effect in different contexts. In addition, the Fund should make efforts to draw lessons from how country ownership is being interpreted and implemented in different contexts, and to use such lessons to inform the development of policies and programmes, stakeholder engagement, and country programmes.

18. This could be done through engagement with NDAs / focal points, other key stakeholders in recipient countries, and with Accredited Entities. Consultation with NDAs / focal points should comprise part of the mid-term and completion evaluations required for each approved funding proposal. In addition, the Structured Dialogues at national and regional level could also gather feedback from NDAs / focal points and other stakeholders on their experience of country ownership.

19. The Secretariat will continue to develop these guidelines based on observations from current best practices and from feedback gathered through the processes outlined above.

⁶ Decision B.08/10 Annex XIV