

Areas for Inputs

- **Enhancing accessibility and inclusiveness on the frontlines of country and partner engagement**

IDCOL's journey with the Green Climate Fund (GCF), starting from its accreditation process to getting accredited in July 2017 and till date has been remarkably supportive and progressive. In this regard, it is admirable to note that GCF assigned dedicated PSF resources to guide & to advise in the development of two concept notes addressing the requirement of energy efficiency equipment & technology for the largest two energy consuming industries of the country namely Garment sector & Textile sector. Consultancy support was also available to IDCOL, where the said consultant worked in person with IDCOL officials to develop, restructure and finalize the concept note and PPF for the project titled, "Climate Resilient Sustainable Coastal Forestry in Bangladesh." This crucial support from GCF enabled IDCOL to receive approval of the concept note and redesign the associated PPF in such a manner that it is also at the final stage of development for approval. However, we would like to take this opportunity to request that it would be highly beneficial if GCF could further aid in providing more consultancy support that is required for Direct Access Entities (DAEs) like IDCOL to better understand the modality of developing concept notes and funding proposals as well as enable in smoothening the approval procedure.

In addition, for the last two years, the readiness support has been directed towards country programming and setting up the institutional mechanism of virtually accessing GCF documentation. However, such funding are yet to be received by national direct access entities like IDCOL and this in turn has caused an effect on accessibility.

The proactive support from GCF has helped IDCOL in slowly enhancing its in-house expertise in adopting the modality of work that GCF follows. Furthermore, we felt like that in order to bring about greater accessibility and inclusiveness, especially in the case of DAE engagement, GCF may take into account to prioritize accelerating the approval process, once a submission of any sort, be it concept note, PPF or funding proposal, is made. This also brings into focus the difficulty faced at the AE end, which occurs as a result of the ample amount of time and resources required in developing justification for a strong climate rationale. The back-and-forth of a significant volume of queries requires diligent engagement and skilled expertise to address all the comments and this also creates a substantial time lag, slowing down the process of approval. Likewise, the AMA execution procedure also entailed a prolonged engagement of time and resources. If this entire process was expedited to a certain extent, then it would have really benefitted IDCOL in working more strategically towards development and implementation of projects and programs.

GCF, with its evolving nature of flourishing to better cater to the needs of its stakeholders, has been continuously updating all its existing templates, policies and procedures. As a result, each change at the GCF end requires significant resource engagement at the AE end since national DAEs like IDCOL needs to re-amend, revamp and re-organize all of its existing expertise to adapt to the changes made by the Fund.

Subsequently, as mentioned in GCF's "Report on the Implementation of the initial Strategic Plan of the GCF: 2015-2018" (GCF/B.22/Inf.13), we agree to the establishment of a regional presence to address the demands of country engagement and redeem the adversities faced by direct access entities. Regional presence would aid in institutionalizing the operational mechanism of GCF which should reduce the continuous institutional changes that occur under the Fund thereby helping to ease the processes and requirements that GCF needs to approve funding to its AEs.

- **Motivating and supporting country-driven and paradigm shifting actions to drive towards low emission and climate-resilient development pathways**

As an emerging economy, and being a lower middle-income country, Bangladesh has an extremely volatile exchange rate condition. Moreover, as a national direct access entity, since IDCOL will receive funding in dollar terms, and since a hedging market is not available for long term period of GCF financing project & incurs significant costing in the country, we rely on GCF's way forward in this matter, to provide guidance and assistance in acquainting us with the knowledge of how to manage the exchange rate fluctuation. The currency fluctuation issue needs to be addressed to successfully engaging the private sector throughout the GCF funding process as this abolishes the concessional benefit expected under GCF financing.

Also, with reference to GCF's constant support in capacitating us with the relevant knowledge and guidance at regular intervals, we seek for a clear indication would clarify as to the responsibility of bearing the credit risk once funding is received. As a financial institution, this understanding needs to be clear to pursuit regulatory requirement in our country. Our pursuit in this matter refers to the knowledge of whether the credit risk would be borne through a shared approach or whether the AE is solely accountable for bearing the risk, especially the default risk.

- **Supporting capacity development of national institutions for climate change adaptation and mitigation project pipeline development and successful implementation of funded activities**

In reference to GCF's "Report on the Implementation of the initial Strategic Plan of the GCF: 2015-2018" (GCF/B.22/Inf.13), GCF has prioritized maximizing engagement of the private sector. In accordance with this view, IDCOL is the market leader in private sector energy and infrastructure financing in Bangladesh, and agrees to the enhanced participation of the private sector. However, to mobilize private sector financing, GCF may consider adopting precise timeline for fund disbursement, along with formulating pertinent terms and conditions of financing, as well as credit risk guidelines so that the private sector has an absolute understanding of assessing whether engaging in GCF financing is commercially viable for them or not. The emphasis on precise timeline, especially with respect to the private sector is vital for fund mobilization as they are established with market-oriented objectives aiming for profitability and as a result, a lingering timeline changes market demand and priority, which eventually brings about changes in the goals and objectives to be achieved for a specified project.

It is important to note that the private sector is more focused on business oriented proposals. Nevertheless, GCF proposals are more development oriented so the private sector is in need of extensive capacity development and training in order to become adept in developing project proposals that are in line with the GCF fiduciary requirements and standards.

- **Motivating and supporting transformation towards sustainable financial systems**

IDCOL is a government-owned, non-bank profit-making organization. In line with this, as a Direct Access Entity of the GCF, it would be of immense support if GCF could provide a distinct guideline as to how IDCOL will be benefitted and compensated as a fund manager for GCF which will set out their future path in terms of resource management. With reference to Annex 12, "AE fee request," in the newly revised funding proposal template, which required a breakdown of the AE fee to be given by GCF, IDCOL requests access to a clear policy guideline which will spell out how IDCOL can ensure sustainability under the Fund to keep working as a successful fund manager under GCF.