

Call for Inputs on:

Review And Update of the Strategic Plan for 2024-2027 written submission by:

Asabe Shehu Yar'Adua Foundation (ASYARFS)

TITLE:

IMPROVING ACCESS TO THE GREEN CLIMATE FUND: HOW THE FUND CAN BETTER SUPPORT DEVELOPING COUNTRY INSTITUTIONS

Membership/Affiliates:

- UNITED NATION DEPARTMENT OF PUBLIC INFORMATION (UNDP/DPI)
- UNITED NATIONS OFFICE ON DRUGS AND CRIME (UNODC)
- ECONOMIC AND SOCIAL COUNCIL (ECOSOC)
- Green Climate Fun (GCF)
- UNFCCC United Nations Framework Convention on Climate Change
- AFRICAN UNION
- EURPEAN UNION
- UNITED NATIONS COMMISSION ON HUMAN RIGHTS (OHCHR)
- UNITED NATION ENABLE, RIGHT OF PERSONS WITH DISABILITIES
- OFFICE TO MONITOR AND COMBAT TRAFFICKING IN PERSONS, U.S DEPARTMENT OF STATE
- GLOBAL FUND TO END SLAVERY
- WORLD ASSOCIATION OF NGOS (WANGO) AS A REGULAR MEMBER, USA
- WORLD CODE OF ETHICS AND CONDUCT FOR NGOS
- UNICEF USA IN THE FIGHT FOR CHILD SURVIVAL
- EUROPEAN COMMISSION WITH ID NO: NG-2009 FUI-3110223990
- NIGERIA – FEDERAL MINISTRY OF WOMEN AFFAIRS AND THE 36 STATES
- MINISTRIES OF WOMEN AFFAIRS
- NATIONAL COUNCIL OF CHILD RIGHTS ADVOCATES OF NIGERIA (NACCRAN)
- NIGERIA – NATIONAL AIDS CONTROL AGENCY AND STATE AGENCIES ON AIDS
- ROTARY CLUB INTERNATIONAL
- ECOSOCC AFRICA
- NATIONAL POPULATION COMMISSION
- NATIONAL HUMAN RIGHT COMMISSION
- INEC OBSERVER FOR GOOD GOVERNANCE
- UNESCO
- FEDERAL MINISTRY OF YOUTH DEVELOPMENT
- FEDERAL MINISTRY OF INFORMATION
- UNITED NATION MILLENNIUM DEVELOPMENT GOAL (MDGS)
- SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Background

The Green Climate Fund (GCF) is the single largest source of public climate finance today. It is crucial to global efforts to enable developing countries to finance low-carbon, climate resilient development. The Fund allows a wide variety of institutions – governmental, private, and non-governmental – to receive access to finance for mitigation and adaptation. This approach has opened the door to potentially a more equitable, efficient, and transformative use of climate funds. Yet the high level of interest in the Fund, combined with the GCF’s current approach to facilitating access to funding, has led to bottlenecks and frustration for countries trying to access funding. This paper reviews how the GCF has supported the ability of a variety of institutions to access finance through its “direct access” modality and key changes it can make to improve this system.

One of the more innovative and notable pieces of the GCF’s funding structure is so-called direct access. Direct access allows entities from developing countries that have met a set of accreditation criteria to access funding directly from the GCF, without going through an international institution as they would need to do at most other multilateral climate funds.

Today, the entities that have received direct access accreditation includes both national and regional government, private, and non-governmental entities. Since beginning to accredit entities in 2015, the GCF has accredited 62 (60%) Direct Access Entities and 40 (40%) international entities (international organizations or entities based in developed countries). Despite the relatively large number of Direct Access Entities that have been accredited, 42 of these entities (67%) have yet to receive project approval.

Introduction:

The Green Climate Fund is a globally important source of finance for projects in developing countries that address climate goals. Central to the GCF’s formation is an emphasis on providing funds directly to developing country institutions. Through “direct access” it seeks to fund a diverse set of stakeholders including public, private, and non-governmental organizations from developing countries, using a variety of financial instruments including grants, loans, equity and guarantees.

Despite accrediting 62 developing country institutions, 42 of these entities have yet to receive project funding. The GCF has launched several initiatives to support Direct Access Entities with project development and approval including the

Readiness Programme, the Project Preparation Facility, the Simplified Approval Process, and the Enhancing Direct Access Pilot, but these are not yet delivering sufficiently to meet the need. There are a number of steps the GCF can take to expand the range of entities that receive project funding by improving support to Direct Access Entities.

our Findings

The GCF has put in place policies and programs to help ensure that a diverse range of actors are able to access GCF funding. These include the Readiness Programme, the Project Preparation Facility, the Simplified Approval Process, and the Enhancing Direct Access Programme. This paper looks at how these four policies and programs are succeeding to date and provides recommendations for how to improve their effectiveness. We found:

- The GCF's Readiness Programme provides needed assistance to entities seeking accreditation and project funding. However, its focus on Nationally Designated Authorities, inability to cover key costs such as staff time, and still somewhat cumbersome approval process make it unable to fully meet the needs of Direct Access Entities.
- The GCF's Project Preparation Facility provides vital funding to entities developing project documentation. However, the Facility does not fully cover the cost of developing concept notes and is not yet sufficiently reaching entities who have not had previous projects approved by the GCF.
- The GCF developed a simplified approval process for projects under \$50 million (\$10 million GCF maximum contribution) with low social and environmental risks. This process has yet to be simplified to a point where access is markedly faster or less burdensome than going through a full proposal process.
- The GCF's Enhancing Direct Access window of finance has not lived up to expectations, with only 2 projects approved during the pilot's first five years. However, the underlying idea of devolving additional decision-making to the Direct Access Entity and other stakeholders remains very popular.