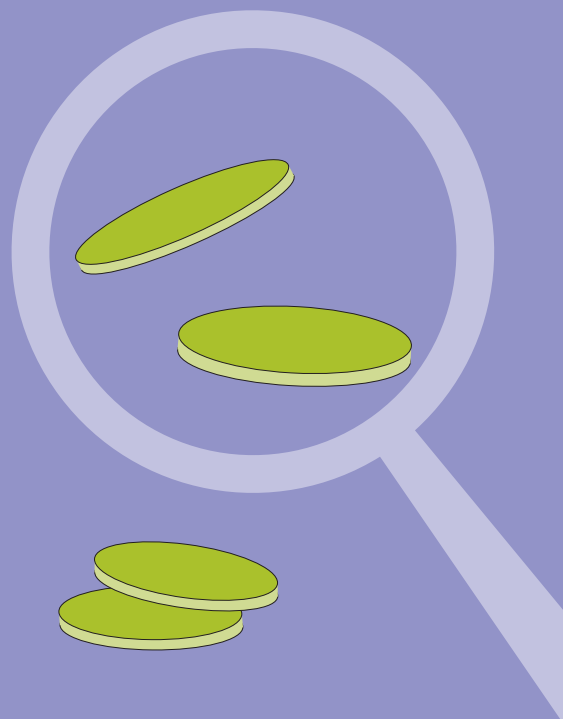




Eight things to know about Green Climate Fund

Dr Lucy SSendi, Senior Climate Change Advisor, PO-RALG
Neha Rai, Senior Researcher, IIED



Authors

Dr Lucy Ssendi is a Senior Climate Change Advisor with PO-RALG, The Assistant Director for Economic and Productive Sectors

Neha Rai is a Senior Researcher with IIED's Climate Change Group Neha.raiiied.org

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Working in collaboration with partner organisations and individuals in developing countries, the Climate Change Group has been leading the field on adaptation to climate change issues.

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International Institute for Environment and Development

80-86 Gray's Inn Road, London WC1X 8NH, UK

Tel: +44 (0)20 3463 7399

Fax: +44 (0)20 3514 9055

email: info@iied.org

www.iied.org

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Front cover photo: Masai women in Ngorongoro, Tanzania.

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Acronyms

GCF	Green Climate Fund
IE	implementing entity
MIE	multilateral implementing entity
NDA	national designated authority
NIE	national implementing entity
NDC	nationally determined contributions
RIE	regional implementing entity



Introduction

The Green Climate Fund (GCF), the world's largest climate fund, is designed to help developing countries achieve their ambition for low-carbon resilient development. Tanzania has been accessing a range of sources for climate finance to fund its climate change responses, but needs additional finance to meet the projected future costs of adaption and mitigation. OECD reports that approximately USD 200 million each year was being spent on climate change actions between 2010 and 2013 (Yanda and Bird, 2015). An economic analysis of climate change in Tanzania shows that Tanzania will need about USD 600 million per year to address climate change issues (Watkins et al., 2011). In addition Tanzania's nationally determined contributions (NDCs) states that the Tanzania will need around USD 500 million to USD 1 billion per year to meet its adaptation ambition each year and a total of USD 60 billion by 2030 for achieving its mitigation contributions (URT, 2015). Meeting these ambitions will depend on how financial support can be accessed from sources like the Green Climate Fund.

Tanzania demonstrates significant capacity to channel these global funds while continuing strong fiduciary standards. To be effective in supporting climate adaptation, climate finance must reach and be prioritised by the communities that need it most and be used to fund solutions that work on the ground. Tanzania's decentralisation policy and framework provides a "ready-made" institutional architecture for delivering climate finance from the national level to the local level. Local government authorities receiving climate finance from the national level can ensure

locally prioritised investments in climate resilience are funded, while 'climate-proofing' development interventions against future climate change. The President's Office Regional Administration and Local Government (PO-RALG) in Tanzania is well placed to demonstrate fiduciary standards needed to access the Green Climate Fund and also ensure local needs are prioritised through their devolved decision making and fund disbursement mechanism.

In preparation for Tanzania having direct access to the GCF, this document provides a snapshot of GCF processes and procedures to help stakeholders understand these as well as the concepts, relevant standards and frequently asked questions related to the GCF. It is an internal briefing document commissioned by PO-RALG to brief its staff on the GCF procedures. It includes 8 core things which policy makers would need to know about the Green Climate Fund:

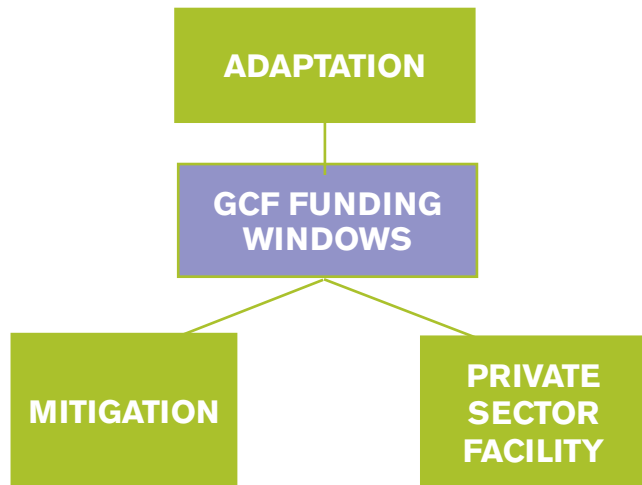
1. What is the Green Climate Fund?
2. What are the total resources in the fund?
3. How can Tanzania access the GCF?
4. What is the role of the National Designated Authority?
5. How national Tanzanian entities can get direct access to GCF funds?
6. How many entities have been accredited globally?
7. The type of funds Tanzania can receive, and
8. The investment criteria for approving funding proposals.

1. What is the Green Climate Fund?

The GCF is an international climate fund established within the United Nations Framework Convention for Climate Change. The fund was established at the 16th Conference of Parties in 2010 under the Cancun Agreement to help developing countries respond to climate change by investing in low-carbon resilient development. It seeks to achieve US\$100 billion climate finance per year by 2020.

Countries can access GCF funds through three funding windows – adaptation, mitigation and private sector facility – as illustrated in Figure 1.

Figure 1: GCF funding windows (Rai and Soanes, 2015)



2. Total resources in the Fund?

By November 2015, 34 governments had pledged USD10.2 billion to the GCF. The United States, Japan, United Kingdom, France and Germany are the top five contributors (Figure 2). Eight developing country governments, including South Korea, Mexico, Peru, Colombia, Mongolia and Indonesia have also committed

funds. The majority of funds committed so far are in the form of grants.

At its sixth board meeting in Bali in 2014, the GCF agreed to balance its allocation between adaptation and mitigation. Nearly half of the adaptation pool is expected to be allocated to Least Developed Countries, Small Island Developing States and African states.

Figure 2: Pledged resources (by November 2015)

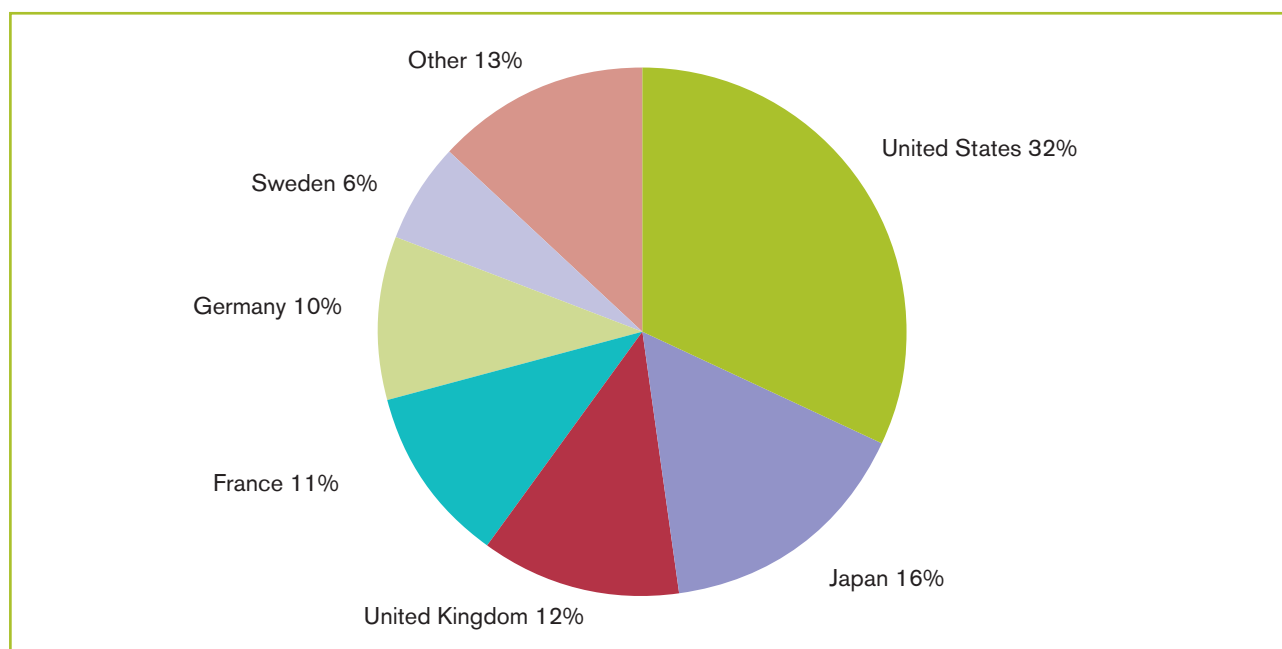
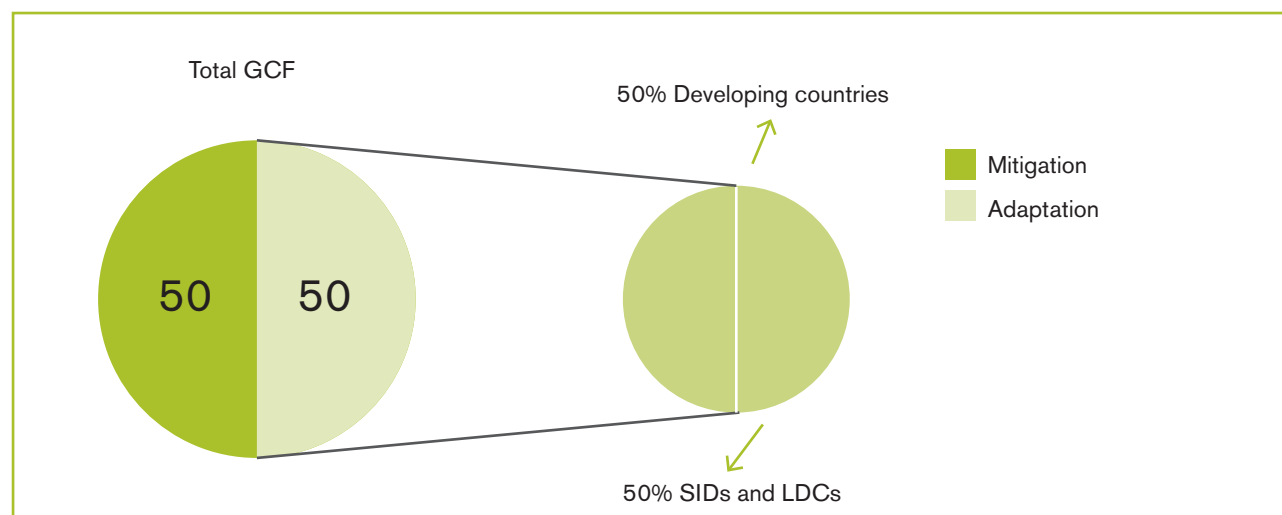


Figure 3: Fund's 50:50 Allocations



3. How can Tanzania access the GCF?

A range of national entities can help access the GCF. The key entities for steering and channelling the GCF process within a given country are:

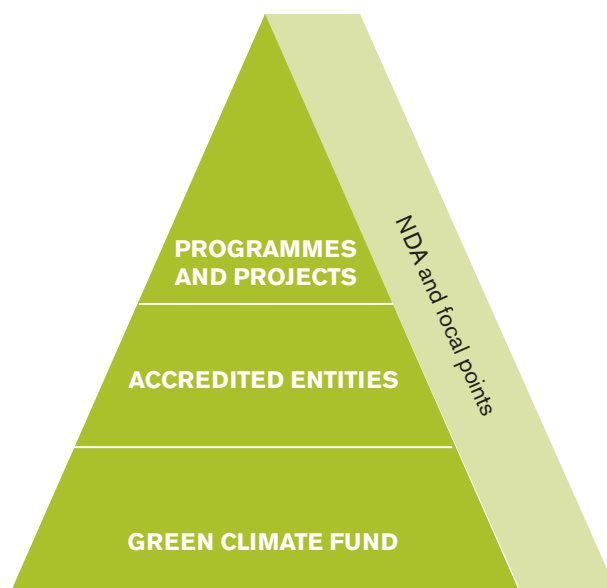
- A **national designated agency (NDA)**: This is the focal agency and GCF point of contact. The NDA develops work programmes and oversees proposals.
- **Implementing entities (IEs)**: These are legally accredited entities that act as a country's programme managers of the fund (grants). They can be:
 - national (NIEs)
 - multilateral (MIEs), such as multilateral development banks and UN agencies
 - regional (RIEs), such as regional development banks and institutions, or
 - private sector entities: these are supported by private sector facility.
- **Intermediaries**: These have a broader scope than IEs and are expected to administer grants and loans while blending funds with their own.
- **Executing entities**: These have implementation responsibilities.

Countries can access the GCF through two distinct –indirect and direct access – channels. Indirect access can be through an accredited MIE, including UN agencies such as UNDP, multilateral development

banks or international non-governmental organisations, or through a private sector entity.

Under the direct access channel, countries can access the GCF through accredited national entities such as line ministries, national development banks, financial entities and national climate funds. The country can select any number of NIEs to access, manage and distribute GCF funding and not go through any multilateral agencies. This approach is expected to increase country ownership over funded projects and improve institutional capacity for climate fund management.

Figure 4: Fund's Architecture



4. What is the role of the NDA?

An NDA is a country's focal point for engaging with the fund, and plays a key role in supporting the mobilisation of GCF in the country. The role of the NDA includes:

- strategic oversight of a country's priorities
- convening national stakeholders
- providing nomination letters for direct access
- providing no-objection letters for projects and programmes, and
- approving readiness support.

Tanzania's NDA is the Office of Vice President (VPO).



5. How can a national entity get accredited to access funds directly?

To access finance directly from the GCF, the NDA has to identify and nominate national entities for accreditation as implementing entities. To gain accreditation, entities have to demonstrate that they have the ability to manage the fund's resources and follow the standards and criteria set out in the accreditation application. A team of experts from the GCF's accreditation panel independently reviews each application to assess whether the applicant entity meets the fund's fiduciary standards and environmental and social safeguards and whether it complies with its gender policy.

Any subnational, national, regional, public or private agency can apply to become accredited as an implementing entity, provided it has:

- legal status – it has to be legally established within the country
- an institutional system with robust policies, procedures and guidelines, and
- a track record, which demonstrates that it implements these policies, procedures and guidelines.

Once an IE gets GCF accreditation, its primary role will be to:

- develop and submit funding proposals for projects and programmes

- oversee project and programme management and implementation
- deploy a range of financial instruments – including grants, concessional loans, equity and guarantees – and
- mobilise private sector capital.

Fit-for-purpose accreditation

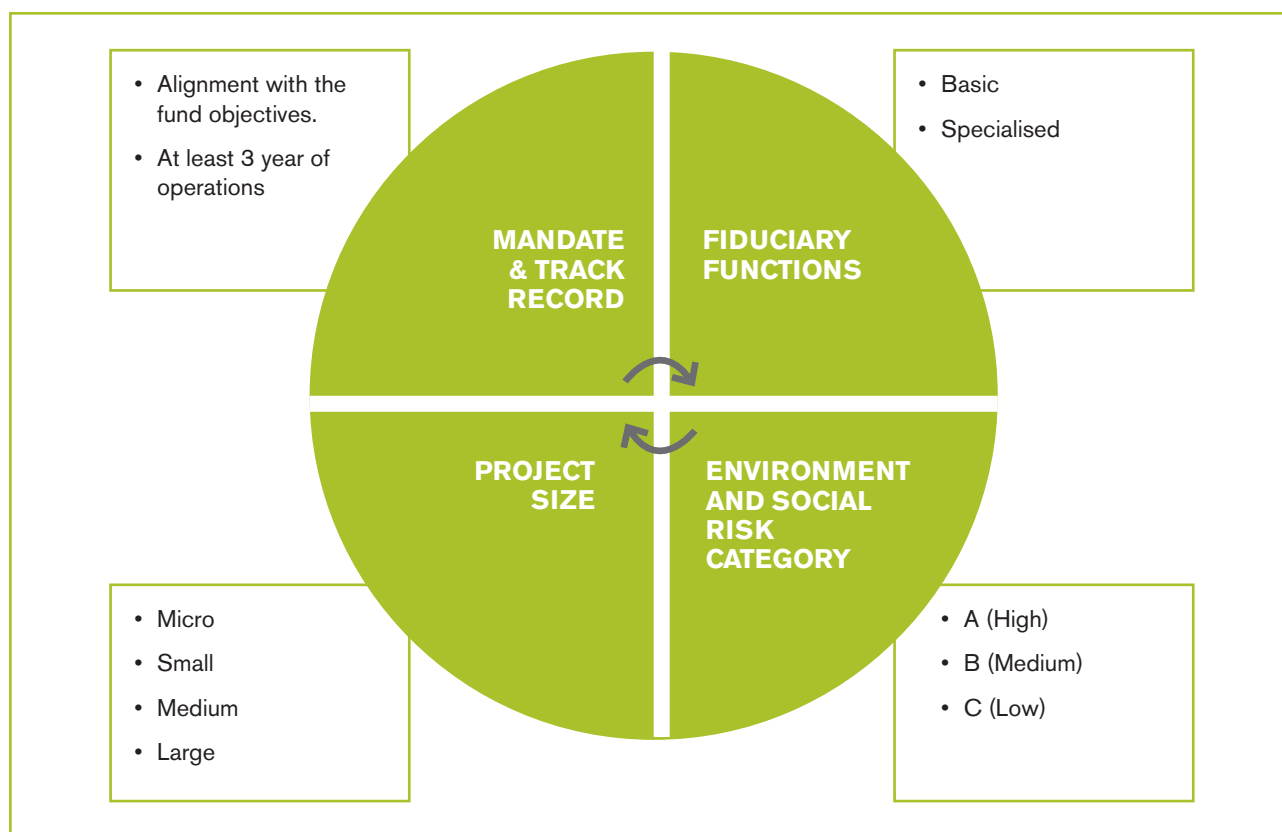
GCF's innovative fit-for-purpose accreditation approach is designed to engage a wide range of entities with different levels of existing capacity. IEs can qualify for different levels of accreditation, depending on their ability to demonstrate a track record of fiduciary, environment and social standards. This tiered approach avoids an unnecessarily long and burdensome accreditation process, and classifies applicant entities according to the intended scale, nature and risks of their proposed activities.

As shown in Table 1 the fit for purpose approach accredits entities based on four main yardsticks

Table 1. Fit-for-purpose approach to accreditation

FIDUCIARY FUNCTIONS	SIZE OF PROJECT/ACTIVITY WITHIN A PROGRAMME	ENVIRONMENTAL AND SOCIAL RISK CATEGORY
Shapes how the entity will operate using the fund's resources – for example, grants, concessional loans, equity or guarantees	Micro: US\$0–10 million Small: US\$10–50 million Medium: US\$50–250 million Large: US\$>250 million	A: high risk/intermediation 1 B: medium risk/intermediation 2 C: low to no risk /intermediation 3

Figure 5: Fit- for- purpose accreditation

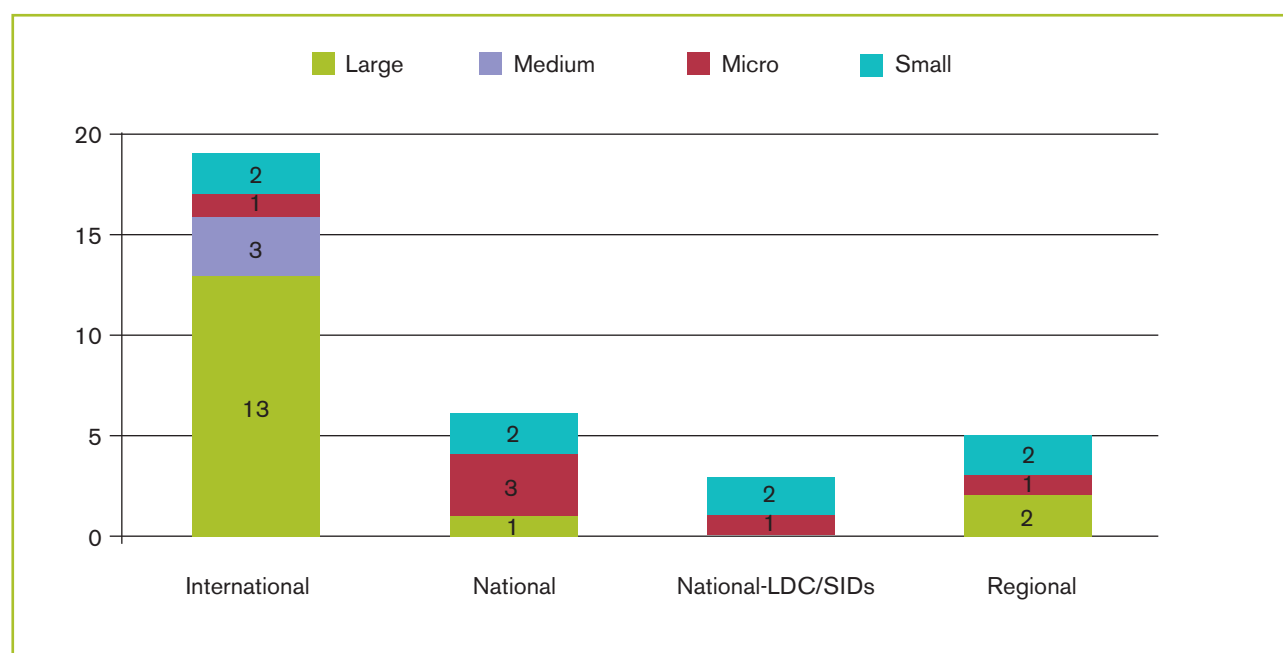


6. How many entities have been accredited?

By June 2016, 33 entities have been accredited and 70+ are in the pipeline. Almost 60 per cent are international organisations, including multilateral development banks and banks such as HSBC, Credit Agricole and Deutsche Bank (Figure 6). Of the nine NIEs accredited, six are from emerging economies and none specifically cater to sub-national projects or sub-national executing entities, thus offering better scope for PO-RALG to break the trend.

Only three national agencies in least developed countries (LDCs) and small island states have acquired eligibility to access finance directly: Centre de Suivi Ecologique (CSE) in Senegal, the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MOFEC); and the Ministry of Natural Resources in Rwanda.

Figure 6: Agency accredited by the GCF based on different project sizes.



7. What type of funds can Tanzania receive?

Tanzania can access GCF funds for building government readiness to manage or deliver funds; to invest in climate related projects and programmes; and to leverage private sector investments in responding to climate change (figure 7).

Different strands of the fund can also be used to build readiness for specific programmes and projects or for private sector interventions. An NDA can access readiness support to:

- build capacity of the NDA itself
- develop strategic frameworks
- build capacity among IEs
- Support NIE accreditation, and
- develop project pipelines.

Table 2 shows the strategic impact areas for adaptation and mitigation within which Tanzania can access funding for projects and programmes.

Figure 7: Areas for funding

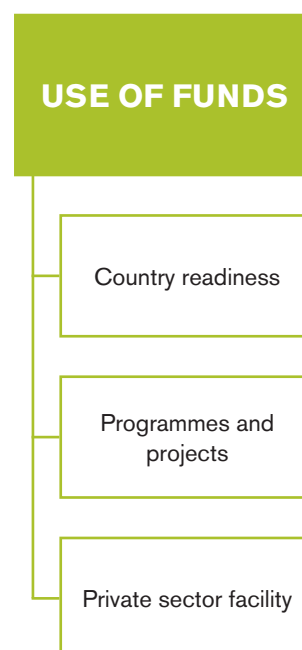


Table 2. Strategic impact areas where funding is available

ADAPTATION	MITIGATION
Livelihoods of people, communities and regions	Low-emission energy and security
Health and wellbeing of people, food and water security	Low-emission modes of transport
Infrastructure and built environment	Building, cities, industries and appliances energy intensity
Ecosystems and related services	Land use and forests

8. Investment criteria for project approval

To access money for specific projects, proposals developed by accredited NIEs or MIEs should fulfil the following investment criteria.

- **Impact potential:** Does the programme/project contribute to the achievement of the fund's objectives and result areas?
- **Paradigm shift potential:** To what degree can the proposed activity catalyse impact beyond a one-off project or programme investment?
- **Sustainable development potential:** What are the project's wider benefits and priorities – including environmental, social and economic co-benefits – and what is its gender-sensitive development impact?
- **Responsive to recipient's needs:** Does it fulfil the vulnerability and financing needs of the beneficiary country and population in the targeted group?
- **Promote country ownership:** Does the beneficiary country own the project? Does it have the capacity – including the policies, climate strategies and institutions – to implement a funded project or programme?
- **Efficiency and effectiveness:** Is the programme or project economically – and, if appropriate, financially – sound? In the case of mitigation-specific programmes or projects, are they cost effective and is co-financing available?



Conclusion

The specified approaches above show that GCF seeks to support best possible projects through existing and new channels. Tanzania and agencies like PO-RALG by scaling out devolved climate finance in Tanzania and by developing necessary capacities to access GCF funds can mainstream climate change within local governance planning and financial systems more effectively. This document will be followed by a detailed practical handbook which will help institutions within Tanzania to better understand the accreditation process for accessing Green Climate Fund directly.

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Further relevant links

<http://www.greenclimate.fund/home>

Introduction to Accreditation Framework http://www.greenclimate.fund/documents/20182/114264/1.3_-_Introduction_to_Accreditation_Framework.pdf/4d44997c-6ae9-4b0e-be5d-32da82e62725

Tanzania readiness proposal to the GCF http://www.greenclimate.fund/documents/20182/93876/2112015_-_Tanzania_Readiness_Proposal.pdf/93163420-bf99-4993-b694-50a6b70ade89

Governing instrument for the Green Climate Fund. https://www.greenclimate.fund/documents/20182/56440/Governing_Instrument.pdf/caa6ce45-cd54-4ab0-9e37-fb637a9c6235



Knowledge
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**Climate change;
policy and planning**

Keywords:

Green Climate Fund, accreditation, NIE,
direct access

The aim of this document is to provide an overview of Green Climate Fund and its operational procedures, the roles and responsibilities of the NDA and prospective national implementing entities in Tanzania to help them directly access the Green Climate Fund. Its an internal briefing document commissioned by PO-RALG to brief its staff on the GCF.

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International Institute for Environment and Development
80-86 Gray's Inn Road, London WC1X 8NH, UK

Tel: +44 (0)20 3463 7399
Fax: +44 (0)20 3514 9055
email: info@iied.org
www.iied.org



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