

OCP blog

To initiate debates on international climate policy

The Green Climate Fund at the Cross Roads: Bog standard or ground breaking?

A collective sigh of relief went through the ConvensiA Center in Songdo, South Korea last Wednesday evening when the German co-chair of the Green Climate Fund (GCF) formally announced that the preconditions for an initial capitalization had been satisfied and that the GCF is thus ready to receive funds. But realistically, this was not the historic moment as it was described by his Filipino colleague.

Given the documents adopted in Songdo, the GCF is – as anticipated in an earlier blog – a “bog standard” multilateral fund, except for the fact that it still has at least the potential of breaking new ground in the governance of international climate finance when, at its next meeting in October, the GCF Board will finally get around to discuss *additional modalities that further enhance direct access*, as mandated in Article 47 of the Governing Instrument.

Through Enhanced Direct Access, or EDA, certain funding decisions would be devolved from the GCF Board to recipient climate change trust funds, known as “funding entities”, which would operate at a national, a sub-national, or a multi-national (“regional”) level. As illustrated in a recent ecbi Policy Brief on devolved access modalities, EDA is essentially the same as what has become known as “programmatic access” through recipient funding entities, such as the Brazilian Amazon Fund, or the Bangladesh Climate Change Resilience Fund. The call for EDA, in other words, is essentially a call to supplement the ordinary project approval cycle adopted in Songdo with a “programme approval cycle” providing programmatic access to national funding entities.

The usefulness of in-country climate change trust funds is by no means tied to GCF access. Nor is it restricted to developing countries: when waiting for my flight at Incheon Airport, a European colleague told me that her government is thinking of establishing a national climate trust fund and mentioned the Danish Climate Investment Fund as a possible model. It should therefore be a “no-brainer” to make use of these national institutions in accessing GCF resources, and to do so as soon as possible. This would not only give the GCF the opportunity to establish best practice through learning by doing, but also to shape (sub-) national and regional funding entities which are in the process of being set up in developing countries, accordingly.

Devolved programmatic/enhanced access could, of course, also happen through international funding entities or intermediaries, and it might be desirable in order to speed up the initial disbursement of funds.

However, in that case it would be wise to ensure that the wishes of recipients as to whom they wish to work with are taken into account. I am stressing this because there is a danger that multilateral development banks, say through fast-track accreditation, may crowd out entities such as the Adaptation Fund, which would be the recipients' international adaptation funding entity of choice.

In practical terms, the GCF Board should at its next meeting set up a Panel to provide guidance on enhanced programmatic access, and to design and oversee a Pilot Programme on EDA. I hope this will be one of the outcomes of the October meeting, which would indeed make it a historic event.

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