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Access to Green Climate Fund: In Desperate Need of a Strategy

The recent meeting of the Green Climate Fund (Barbados 14-17 October 2014) may be remembered for a variety of reasons. Participants may still be reeling from the paralyzing length of the agenda with the ensuing late night sessions. In the greater scheme of things, the most noteworthy event may well have been the [adoption of an innovative access modality \(“Enhanced Direct Access”\)](#), an issue which I have written on in this blog and will no doubt return to in the future. At this point in time, I would like to turn the focus on a number of decisions also taken in Barbados regarding the accreditation of entities for accessing GCF funds.

At the meeting, the Board approved four decisions regarding accreditation. The first two, that is the *guidelines for the operationalization of the fit-for-purpose accreditation approach* (Decision B.08/02) and the *assessment of institutions accredited by other relevant funds* (Decision B.08/03), both start by recalling – with reference to the GCF Governing Instrument (GI) – that “**all** entities, including subnational, national, regional and international entities, can apply for accreditation to the Green Climate Fund”. Although this does not actually reflect the GI – which only stipulates that “access to Fund resources will be through national, regional and international implementing entities accredited by the Board” – the reference to “all entities” being eligible very accurately reflects the content of the accreditation decisions themselves.

In a first instance, it has been decided to make fast track accreditation available to the thirteen Multilateral Implementing Entities of the Global Environment Facility (GEF) and the Adaptation Fund (AF), which range from the African Development Bank, via UNDP and UNEP to the World Bank. This, per se, may be innocuous, but the decision to do the same for the Adaptation Fund’s three Regional and eighteen National Implementing Entities for direct GCF access is another matter. While I do not think this decision was intended to undermine the viability of the AF, the fact is that it almost inevitably will: Given the unfortunately precarious state of the AF’s main source of funding (the Clean Development Mechanism), its implementing entities could not be blamed if they were to redirect their project pipelines to the GCF.

To undermine the AF in this manner, however, would be a grave mistake, particularly from the perspective of recipient countries: The AF provides a dedicated customized service even for small projects, which at the GCF would be delegated for approval to the Executive Director. Instead of the

GCF setting up an inferior in-house replica of the AF, everyone would be better served if the GCF were to accredit the AF as “gateway” funding entity (intermediary) for multilateral adaptation funding, both direct and indirect. As it happens, the fast-track accreditation decision does envisage the accreditation of a category of such “intermediaries” – that is entities carrying out activity approvals on behalf of the GCF Board: bilateral donor agencies. In light of the fact that this actually goes beyond the modalities envisaged in the GI, it would seem that a fast-track accreditation of the AF should really not be inconceivable.

The third accreditation decision was about accreditation fees while the fourth and final one was about the *identification of relevant potential international private sector best-practice fiduciary principles and standards and environmental and social safeguards* (Decision B.08/05). It invited “institutions with a track record of engaging with the private sector, ... to apply for accreditation to the Fund” and requesting “the Secretariat, ... to provide recommendations on their potential accreditation or fast-tracking”.

Colloquially speaking, the Barbados accreditation decisions seem to envisage accrediting everybody and their grandmother – provided she satisfies the relevant fiduciary, environmental and social standards. It is of course extremely important that GCF funding reaches local agents and intermediaries, such as local bank branches (say for the purpose of giving concessional renewable loans to SMEs). But it would be madness to expect all of them to be directly linked (accredited) with the GCF. What the GCF needs, as recognised by the South African Board member at the Barbados meeting, is an accreditation **strategy**, which defines who exactly the GCF should deal with directly, and more importantly who should receive funds indirectly.

As I have argued for some time (see, for example [Same old, same old ... Too late for a paradigm shift?](#)): concerning international access it would be desirable to use existing multilateral funds, such as the AF, as multilateral gateway intermediaries. In the context of (enhanced) direct access, however, this is not a matter of desirability but of necessity. There are thousands and thousands of institutions in developing countries that would ultimately be eligible for accreditation which, if they did, would make the management of GCF funding flows an absolute nightmare, if not impossible.

In the case of the AF, countries must endorse any institution wishing to become a National Implementing Entity: “National” thus does not refer only to the scope of activities, but also to having government approval. The original intention behind the idea of “[National Funding Entities](#)” was the same: they are meant to be nationally endorsed intermediaries serving as national gateways for GCF and other foreign public sector funding.

The fact is, if not all countries have recognised the need for a consolidation of (fiscal) income at the national level, if national policies are to be properly enacted. This does not mean that all the funding decisions must also be taken at the national level, after all this is why there are fiscal transfer mechanisms from the central budget (“consolidated fund”) to the sub-national governments. But it is a lesson which the GCF Board might wish to consider if and when it finally designs its accreditation strategy.

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