

Expanding Access to Global Climate Funds: Lessons from the GCF in Asia Pacific

Insight Brief
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KEY MESSAGES

- Coordination and collaboration across relevant ministries, agencies and accredited entities, leads to stronger concept notes and proposals, and underlines the case for building a strong National Designated Authority (NDA).
- Readiness support can play an important role in building national capacity, and NDAs can better utilize the funding that is available to them under the readiness process.
- Nominating accredited entities that can clearly support national priorities allows direct access entities (DAEs) to more easily meet accreditation and proposal requirements.
- Regional entities can map synergies across the region, ensure coherence, and help pool resources in line with regional needs for successful coordination and proposal development.

BACKGROUND

Inadequate access to climate financing is a chief constraint to achieving Paris Climate Agreement goals. Multilateral funds such as the Green Climate Fund (GCF) provide significant country-driven support by working closely with National Designated Authorities (NDAs)¹, and through the “direct access” modality which allows national institutions (known as Direct Access Entities or DAEs)² to access finance without having to go through an international intermediary. However, many countries still find the processes of accessing these challenging.

The NDC Partnership Support Unit has produced this insight brief to share valuable insights from our member countries that have successfully used different approaches for accessing the global climate funds³, with a focus on the role of NDAs. It draws on experiences shared among Asia Pacific countries in accessing the GCF but the lessons learned are applicable globally.

¹ **National Designated Authority:** government institutions that serve as the interface between each country and the GCF.

² **Direct Access Entities:** are sub-national, national or regional organizations that need to be nominated by developing country National Designated Authorities (NDAs) or focal points. Direct access enables entities to directly access financing and manage all aspects of climate change mitigation and adaptation projects, from design through implementation, to monitoring and evaluation.

³ This Insight Brief draws on lessons shared at a peer exchange organized by the NDC Partnership Support Unit and the GCF in Bangkok in September 2019. The views expressed in this brief are offered by the Support Unit and do not necessarily reflect the views of the Partnership or its members.

ENHANCING ACCESS THROUGH BEST PRACTICE EXPERIENCE

As of July 2019, the second most frequently requested area for country support to the NDC Partnership was access to climate funds, after support to one-off project preparation and financial structuring. Sharing successes and lessons learned on *how* countries have successfully accessed climate funds can help countries better understand processes and criteria for meeting the climate fund accreditation requirements and developing fundable projects. This brief shares lessons on four key topics: the importance of NDAs; readiness funding; project and pipeline development; and regional coordination.

The Importance of NDAs

NDAs serve as the core interlocutor between a national government and the GCF. NDAs are responsible for nominating regional, national or subnational institutions for accreditation to GCF and providing no-objection letters for project proposals. Institutions must work closely with the NDA when developing work programs, concept notes, and project proposals once accredited. Given the mandate of NDAs, they play an outsized role in facilitating access to the global climate funds. The experiences of Lao PDR and Bangladesh in implementing institutional arrangements to set up a strong NDA show how countries can better leverage their NDAs to access climate finance and develop strong project proposals.

LESSON 1: The NDA plays an important role in facilitating and promoting coherence among global climate fund country programs and national action plans. Ensuring approval from the relevant line ministries is crucial.

Implement the lesson	Good practice example
Establish vertical communication mechanisms between funds, NDA, ministries and accredited entities (AEs) ⁴ .	Lao PDR established the National Committee on Global Environment Facility (GEF) and Green Climate Fund (GCF) as a cross-sectoral committee responsible for reviewing project proposals and approving GCF no objection letters for funding proposals and nominating national entities for accreditation to the GCF. Lao PDR also identified provincial coordinators at the subnational level for communication and coordination with the NDA and has established a Technical Working Group on Climate Change (TWG), which meets on an ad-hoc basis and facilitates communication, cooperation and coordination between Ministries on climate change and climate finance. ⁵

LESSON 2: NDAs can facilitate better coordination among accredited entities and government agencies for formulating strong concept notes and proposals, in line with national priorities (see lesson 1).

Implement the lesson	Good practice example
Develop a mechanism that acts as a clearing house for no objections letters assists NDAs in putting forward more country driven projects.	Bangladesh has developed an NDA Secretariat Server dedicated to handling submissions from accredited and executing entities. Entities use it to communicate with the NDA Secretariat, and submit requests for funding proposal no objection and DAE nomination letters. The NDA Secretariat uses the server as a centralized mechanism to solicit feedback from an Advisory Committee composed of experts and key stakeholders, who evaluate requests received. This means the advisory committee need not meet in person and can provide feedback to concept notes within a given time window, increasing effectiveness and efficiency. ⁶

⁴ **Accredited Entities (AEs):** develop funding proposals to be considered by the Fund and oversee, supervise, manage and monitor their respective GCF-approved projects and programmes. GCF accredits entities that work at the sub-national or national level, as well as organizations working at regional and international levels.

⁵ [LAO PDR GCF Country Programme](#)

⁶ [ERD Bangladesh: No-Objection Procedure for Project Proposals](#)

Accessing Readiness Funding

Readiness funding is designed to strengthen countries' institutional capacity to access climate funds by increasing effectiveness, reducing risks, and ensuring effective delivery. Accessing readiness funding can play an important role in building national capacity and can act as a stepping-stone on the way to proposal development and project approval. Vietnam and Thailand offer successful examples of accessing readiness funding for strengthening their NDA and increasing access to climate finance.

LESSON 1: Creating a strong readiness proposal requires close collaboration across relevant ministries, agencies and accredited entities.

Implement the lesson	Good practice example
Develop policy and institutional frameworks supporting coordination.	Vietnam conducted an initial review of the various institutional capacities of financial institutions and private sector entities in order to enable the NDA to bring about a strategic approach to GCF funding and understand their ability to fulfil the direct access requirements for the global climate funds. It identified where institutional and capacity gaps were present, which areas would benefit most from readiness support, and how the NDA could be strengthened to address these gaps ⁷ .

LESSON 2: Collaborating with an experienced national or international accredited entity or delivery partner can shorten the timeframe for readiness approval and help access readiness support.

Implement the lesson	Good practice example
Map experienced delivery partners⁸ in-country or from international implementing entities.	In the case of Thailand, the NDA partnered with both Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Global Green Growth Institute (GGGI) in the development of three successful readiness proposals for strengthening the NDA and developing strategic frameworks. While GIZ is an accredited entity, GGGI is not, and is partnering with Thailand as a delivery partner. Delivery partners need not be accredited entities to assist in delivering readiness support, provided that the delivery partner can illustrate the relevant expertise and implementation capacity.

Proposal and Pipeline Development

The aim of the GCF is to fund ambitious, transformative projects and programs that support a paradigm shift to low-emission and climate-resilient pathways. Developing projects with a clear theory of change and pathway to implementation often proves challenging for countries due to a range of factors, which include a lack of capacity and data to develop strong concept notes with a clear climate rationale, a lack of understanding of GCF's requirement that projects promote a 'paradigm shift', and an intensive proposal preparation process that can be financially intensive and time consuming⁹. The experience of Mongolia and Bangladesh in developing strong project proposals are outlined below.

LESSON 1: Readiness funds can be used to develop concept notes for future funding proposals

Implement the lesson	Good practice example
Include concept notes as explicit outputs in readiness proposals (also see Table 2).	Many NDAs have under-utilized the readiness funding available to them, while AEs have under-utilized the GCF Project Preparation Facility. One approach to facilitate strong proposal development would be to use readiness funds to develop concept notes. Using readiness support it received in 2015 for NDA Strengthening, Mongolia allocated resources towards developing priorities and guidelines for concept notes ¹⁰ . In 2018 it submitted a readiness proposal to support adaptation planning that in turn allocated additional readiness funding for the development of 2-3 GCF concept notes for three adaptation priority sectors ¹¹ .

⁷ [Vietnam MPI: NDA Strengthening and Country Programming](#)

⁸ **Delivery Partners:** Institutions selected by the NDA or Focal Point to implement activities approved under the Readiness and Preparatory Support Program.

⁹ [Enabling Access to the Green Climate Fund: Sharing Country Lessons from South Asia](#)

¹⁰ [Mongolia XAC Bank: NDA Strengthening and Country Programming](#)

¹¹ [Mongolia UNEP: Adaptation Planning](#)

LESSON 2: Careful selection of an accredited entity by the NDA will facilitate proposal development and approval.	
Implement the lesson	Good practice example
Map potential accredited entities in line with national priorities for efficient proposal development.	In order to facilitate rapid access to the climate funds, NDAs can strategically select and nominate DAEs with specific expertise aligned with national priorities (thematic experience, financial expertise and fiduciary standards, implementation experience, etc.) ¹² . XAC Bank in Mongolia was accredited by the GCF in 2016 and has since had three successful project proposals approved. As a private bank, XAC Bank has used GCF funding to bridge the financial risk gap for renewable energy investment by complementing GCF concessional loans with co-financing from the local private sector ¹³ . It demonstrates how DAEs can respond to country emission reduction targets while bolstering local markets.

Regional Coordination

Regional entities can also become accredited to the global climate funds to access climate finance. Regional entities can reduce duplication of efforts across a region and assist countries in defining the regional climate rationale. Particularly among smaller developing countries, where government agencies are often under-resourced, regional entities can map synergies across the region, ensure coherence, and help pool resources in line with regional needs. The Pacific Community (SPC)'s role in regional coordination for access to climate finance for the Pacific island countries is instructive.

LESSON 1: Regional coordination for climate action can build on regional sectoral strategies and convening	
Implement the lesson	Good practice example
Share priorities and discuss opportunities for joint effort on climate actions at regional sectoral meetings	In 2019, SPC convened the Heads of Fisheries of Pacific Island Countries and Territories to discuss the effects of environmental variation, including climate change, on the distribution and abundance of tuna stocks in the Pacific. As a result of this regional convening, SPC agreed to support its Member countries in preparing a fisheries-related climate project to the GCF. The convening called for progress on the development of a Concept Note to GCF for the regional tuna adaptation project, with Conservation International as the Accredited Entity, SPC and FFA as Executing Entities, and FAO as an implementing partner.
LESSON 2: Understanding the unique needs and capacities of each country within the regional context is key for successful coordination and proposal development.	
Implement the lesson	Good practice example
Undertake national climate finance assessments to identify needs and strategic sources of funding in line with country priorities.	In 2018, SPC, along with the PIFS, partnered with the Federated States of Micronesia (FSM) to undertake a climate change and disaster risk finance assessment. This assessment helped enable FSM to identify which sources of funding should be prioritized in order to more strategically pursue sources of finance in line with sectoral needs and allowed FSM to further map the level of readiness of potential GCF DAEs. It also equips national stakeholders with skills, knowledge and tools necessary for designing, monitoring and evaluating climate change programmes, projects and policies ¹⁴ .

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¹² [Enabling Access to the Green Climate Fund: Sharing Country Lessons from South Asia](#)

¹³ [GCF helps XacBank become first Mongolian bank to finance large-scale solar](#)

¹⁴ [SPC: Federated States of Micronesia commence climate change and disaster risk finance assessment](#)