Update on the Green Climate Fund and Readiness Programme

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7 November 2014

UNDP Asia Pacific Technical Workshop on Climate Responsive Budgeting, 5-7 November, Bangkok
The Green Climate Fund

- Operating entity of the financial mechanism of the UNFCCC, CoP16
- Centrepiece of long-term finance under UNFCCC
- Secretariat CoP19, December 2013 Songdo;
- Fully operational and staffed
Our Vision

- Promote a paradigm shift towards low-emission and climate-resilient development
- Induce a change in the daily decisions investors and consumers make
GCF Strategic Impacts

- Food and water security
- Increased resilience of ecosystems
- Increased resilience of people and communities
- Reduced emissions from land use and forests
- Reduced emissions in buildings and cities
- Reduced emissions in energy
- Reduced emissions in transport
- Increased resilience of infrastructure
Make Best Investments Viable
...with the Least Possible Concessionality

Without the Fund

• High Upfront Capital;
• Insufficient revenues;
• Excessive Risk

With the Fund

• Buy-down Upfront Cost;
• Cash Flows Eased;
• Higher Risk Tolerance.
Allocation Framework

Total Fund’s Portfolio

Mitigation

Adaptation

Adaptation Portfolio

SIDS, LDCs & Africa

Developing countries
Resource Mobilisation

- $100 billion/year by 2020;
- Final pledging November 20 - Bonn;
- Both grants and concessional loans;
- 10 countries including 2 developing countries, close to $3 billion;
Engaging with the Fund

- **National Designated Authority**: Interface between the country and the Fund. Country driven, needs to engage MoF/Planning and other stakeholders;
- **Focal point** instead of an NDA. For some, this may be interim arrangement.
- Invitation to nominate asap & by Mar 2015;
Roles and Functions of an NDA

• Provide broad strategic oversight of Fund’s activities in a country;
• Recommend to the Fund funding proposals – ‘No-Objection’ letter;
• Communication of nominations of national (or regional) entities for accreditation to the fund – ‘No-objection’ letter;
• Ensure consistency of funding proposals with national plans and strategies;
• Convene national stakeholders to identify priorities for funding support
Accreditation of Intermediaries/Implementing Entities

- International track;
- Direct Access – with NDA/FP no-objection;
- Assessed Against Fund’s Fiduciary standards and ESS;
- 3-stage process, applications open on 17th Nov.
Readiness Support

- Readiness is a strategic priority of the Fund: help maximise effectiveness and reduce risks, good delivery;
- Ensures funding suits country contexts and needs, and increasing effectiveness;
- $30 million in initial funding to start the program;
- 50% readiness support SIDS, LDCs, African States;
- Small direct grants to NDAs/FPs;
- Cap - $1 million/year/country;
Five Pillars

- Establishing & Strengthening NDAs/FPs
- Strategic Frameworks including CWPs
- Initial Pipeline of Programme and Project Proposals
- Selection of Intermediaries/IEs and accreditation support
- Information sharing, experience exchange and learning
- Readiness Support
Asia-Pacific

• ADB: Asia’s GDP to be 52% of global GDP in 2050—(was 58% in 1700)—carbon and resource intensive—unsustainable;
• Impacts: Freshwater Resources; Food production & security; Human settlements: Bangladesh, Myanmar, Cambodia, Philippines; Vanuatu (27%); Niue (24%), Fiji (24%)
• 5 most vulnerable Cities: Dhaka, Mumbai, Manila, Kolkata and Bangkok;
• Important: both adaptation & mitigation
Progress - 66 designations - 26 Readiness Requests
The Fund and Climate Budgeting

- NDA Arrangements - Stakeholder engagement – compliment existing climate budgeting institutional arrangements;
- Whole Government Approach - Ministries of Finance Ministry of Planning, Environment, local governments, important, - GCF – Engage other stakeholders – private sector;
- Budget tagging, monitoring & reporting - MVR of project/ programme impacts Country Ownership/ Co-finance;
- Enhanced Direct Access – Pilot Phase – 2015;
Ready when you are..

- Accreditations to begin 17 Nov;
- Resource Pledges -20 Nov;
- Regional Workshop – Southeast Asia – Indonesia;
- Initial projects/programmes in 2015;
Thank You