STUDY

Thomas Hirsch
Climate & Development Advice

IMPROVING CIVIL SOCIETY'S LIMITED ACCESS TO THE GREEN CLIMATE FUND

A report based on an analysis of GCF policies and lessons learned from five case studies

CIDSE together for global justice

Co-funded by the European Union

ABOUT THIS PAPER

Author
Thomas Hirsch, Climate & Development Advice
www.climate-development-advice.de

This study has been commissioned by CIDSE with the financial support the European Union.

Editors
Lydia Machaka, CIDSE
Robin Mace-Snaith, CAFOD
Martin Krenn, KOO
Chloe Noel, Maryknoll Office for Global Concerns
Anika Schroeder, Misereor
Anne Callaghan, SCIAF

Proofreading
Paula McDiarmid

Cover image:
A woman is talking over the phone with her family, powered by solar energy connected to her home in Gabura Island, Bangladesh. Photo by Mohammad Rakibul Hasan, 2nd Price, Professional Category, CIDSE international photo competition, 2017.© CIDSE

Design and layout: Hearts & Minds, Brussels, www.heartsnminds.eu

Special thanks go to the 18 colleagues, experts, project developers, policy advisers, government officials and senior managers of institutions who work with the GCF in this way or another, from all across Africa, Asia and Europe, who were willing to have long interviews with the author. This study would not have been possible without their expertise, openness and readiness to share information. The interviewees are not mentioned to ensure anonymity, which was agreed beforehand. For the same reason, the organisational assignments remain unnamed, with a few justified exceptions. The author is solely responsible for any errors.

Published in April 2021
by CIDSE, Rue Stevin 16, 1000 Brussels, Belgium – www.cidse.org

Contact: Lydia Machaka, CIDSE Climate Justice and Energy Officer (machaka(at)cidse.org).

CONTENTS

Working with GCF appeared to be like flying a plane while you are still building it.

(J.N., Malawi)

If you want to influence the game you can't do it from the sidelines.

(A.A, Bangladesh)

ABBREVIATIONS

AE	Accredited Entity (GCF)
AF	Adaptation Fund of the United Nations
AO	Accredited Observer (GCF)
CBO	Community-based organisation
CDB	Caribbean Development Bank
COP	Conference of the Parties (UNFCCC)
CSO	Civil society organisation
EE	Executing Entity (GCF)
ESIA	Environmental and social impact assessment
ESMS	Environmental and social management system
ESS	Environmental and social safeguards
GCF	Green Climate Fund
GCF-1	1st GCF Replenishment
GEF	Global Environmental Facility
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (*German Agency for International Cooperation)*
IE	Implementing Entity (GCF)
IFC	International Finance Corporation
IIE	International Implementing Entity (GCF)
IRM	Initial Resource Mobilisation (GCF)
LDCs	Least Developed Countries
MDB	Multilateral Development Bank
NAP	National Adaptation Plan
NDA	National Designated Authorities (GCF)
NGO	Non-governmental organisation
NIE	National Implementing Entity (GCF)
PS	Performance Standards (IFC)
PSF	Private Sector Facility (GCF)
PSO	Private sector organisation
RIE	Regional Implementing Entity (GCF)
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
SPC	The Pacific Community
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USP	Unique selling point

GLOSSARY

- An **Accredited Entity (AE)** partner with GCF to implement projects. They are guided by the GCF investment framework and the priorities of developing country governments. Accredited Entities convert concepts into action. They work alongside countries to come up with project ideas, and submit funding proposals for the GCF Board to approve.

- **CIDSE** is the international network of Catholic social justice organisations working for transformational change to end poverty and inequalities, challenging systemic injustice, inequity, destruction of nature and promoting just and environmentally sustainable alternatives. CIDSE has 18 members which work in about 120 countries worldwide with development partners and allies.

- **Country Drivenness** is defined by GCF as the measure through which countries, through meaningful engagement, including consultation with relevant national, local, community-level and private sector stakeholders, can demonstrate ownership of, and commitment to, efforts to mitigate and adapt to climate change.

- An **Executing Entity (EE)** develops and executes projects that are eligible for GCF funding under the oversight of Accredited Entities. Civil society and community-based organisations can also serve as Executing Entities.

- The **GCF Readiness Programme** provides resources for strengthening the institutional capacities of **National Designated Authorities (NDAs)** and direct access entities such as **National Implementing Entities (NIEs)** or **Regional Implementing Entities (RIEs)** to effectively engage with the Fund. It also assists countries in undertaking adaptation planning and developing GCF country programmes. All developing country parties to the UNFCCC can access the GCF Readiness Programme.

- The **Green Climate Fund (GCF)** is the world's largest climate fund supporting developing countries to reduce their greenhouse gas emissions and enhance their ability to adapt to climate change. The GCF was set up by the United Nations Framework Convention on Climate Change in 2010 and serves the achievement of the Paris Agreement's objectives.

- The **National Adaptation Plan (NAP)** process was established under the UNFCCC helping countries conduct medium- and long-term climate adaptation planning. It is a flexible programme that builds on each country's existing adaptation programmes and actions, and helps to align adaptation with other national policies.

- A **National Designated Authority (NDA)** is a government institution that serves as the interface between each country and the GCF. The NDA provides broad strategic oversight of the GCF activities in the country and communicates the country's priorities for climate financing.

Sources: CIDSE and GCF websites.

EXECUTIVE SUMMARY

Climate finance is delivered by a broad and expanding range of specialised climate funds, with the Green Climate Fund (GCF) being the largest of them. The main objective of this study is to showcase ways in which civil society organisations (CSOs) could access GCF climate finance. It analyses barriers and entry points for CSOs by combining policy analysis and empirical case studies.

A total of 154 developing countries are eligible for GFC funding. By the end of 2020, 103 Accredited Entities had been approved to apply for funding, most of them International Implementing Entities. Direct access for developing countries to National or Regional Implementing Entities is still very limited and only six CSOs are accredited, accounting for only 4% of approved projects. On the other hand, at the political level CSOs represent the majority of accredited observers (296 out of 453), following and trying to influence GCF funding priorities and policies. Internationally, their main effort is on advocating for enhanced and simplified access to climate finance for vulnerable countries, such as Least Developed Countries, Small Island Developing States and some African countries. At the national level, CSOs mainly promote inclusiveness, transparency, gender responsiveness, vulnerability focus and higher climate ambition in GCF country programmes. In contrast, the demand for better access to projects for CSOs and community-based organisations (CBOs) has not yet been one of the top advocacy priorities for CSOs.

Barriers for CSOs to access GCF funds are systemic, massive and evident in praxis. Addressing, reducing and overcoming these barriers will be essential for the Fund to fulfil its mission of transformative change-making. Barriers to CSO accreditation, limited direct access, complicated project approval processes, lack of local rootedness, weak national consultation processes and lack of all-of-society country ownership are major concerns, leading to a wide gap between what the Fund declares it aims to become and what it currently is. There is a need for reform and CSOs can contribute to that not only as watchdogs from outside but also as active project partners from inside, creating a stimulus for transformative projects, combining high climate ambitions, SDG co-benefits, gender sensitivity and locally-led action.

For this to happen, the following recommendations arise from this report:

- Advocate for the GCF to more accurately communicate and respond to CSO expectations on options to receive GCF support for their climate actions.

- Advocate for specific GCF funding windows for CSOs, e.g., a Small Grant Facility.

- Support Southern partners with capacity building on GCF modalities to strengthen access.

- Encourage and enable the engagement of CSOs in GCF country programming, readiness initiatives, and national adaptation planning processes supported by GCF.

- As a CSO, take an informed and strategic decision before entering the accreditation process to become an Implementing Entity. First, reflect on the motivation and expectations to become an Accredited Entity, including the possible benefits for your partners in the Global South. Second, assess your capacities, carry out a gap analysis and use the self-assessment tool provided by GCF. Third, undertake a long-term cost-benefit analysis.

- As a financially strong CSO, set up a specific technical and financial programme to support partners in the Global South to design transformative climate-ambitious projects with clear co-benefits for the sustainable development of vulnerable communities for submission to the GCF.

INTRODUCTION

This study was conducted by the consultant *Climate & Development Advice* on behalf of the *CIDSE Task Force on Access to Climate Finance.*[1] It is based on the premise, as laid down in the Terms of Reference (CIDSE 2020), *"that the involvement of non-state actors in delivering the Paris Agreement commitments and the United Nations' 2030 Agenda for Sustainable Development is paramount for achieving both adaptation and mitigation efforts to limit the rise in global temperature to 1.5°C above pre-industrial levels, and achieve a just recovery and transition"* (ibid). Thus, providing access to climate finance is crucial for effective and transformative climate action, including on the ground.

Climate finance is delivered by a broad and expanding range of specialised climate funds, the new climate funding channels of multilateral institutions and governmental donors of development assistance, and a growing number of non-governmental donors such as private foundations. This architecture of climate finance is developing very fast and differentiation is increasing.[2] Given that there is no one-fits-all approach to accessing climate finance, and that each climate fund and budget line has its own set of eligibility criteria and thematic and geographic priorities, it is important for any stakeholder seeking access to climate finance to have an overview of the landscape of funding opportunities before choosing which one to approach.[3]

This study is solely focused on the Green Climate Fund (GCF) – not because it would be the first best option for civil society organisations (CSOs) to access climate finance (which it is not) but because it is the most well-known: GCF is generally considered as the flagship fund for providing climate finance. Although there is enormous interest among many CSOs across the world in partnering with the GCF, so far only very few CSOs have achieved GCF accreditation as Implementing Entities (IEs); even fewer have had projects approved by the GCF. And so far, there is no documented evidence that GCF has supported small-scale projects run by community-based organisations (CBOs) for the benefit of climate vulnerable populations.

Thus, the main objective of this study is to showcase ways in which CSOs could access GCF climate finance for climate action aimed at strengthening the adaptation and mitigation impacts of CSOs, such as CIDSE partners in developing countries, including small-scale community projects.

To achieve this objective, a two-pronged research approach has been chosen that aims to systematically analyse barriers and entry points for CSOs interested in accessing GCF climate finance:

- Taking stock of and analysing GCF policies and guidelines;

- Gathering information from a sample of concrete cases to draw the lessons learned from those who have tried to access the GCF in this or another way.

By combining policy analysis and empirical case studies, knowledge gaps can be closed, conclusions drawn and recommendations made, thus providing guidance to CSOs. What are the key eligibility criteria, important channels and entry points, success factors, barriers, limiting factors and risks to accessing GCF climate finance? Could small CSOs, including CBOs, also benefit from the GCF? If so, how? If not, could the GCF be persuaded (and how) to open funding windows for smaller CSOs in future?

[1] The task force is comprised of representatives from CIDSE member organisations CAFOD, KOO, Maryknoll Office for Global Concerns, Misereor, SCIAF and Trócaire, as well as the CIDSE Secretariat.
[2] An overview can be found at: https://climatefundsupdate.org/about-climate-finance/global-climate-finance-architecture/.
[3] A guide to climate finance can be found at: https://reliefweb.int/sites/reliefweb.int/files/resources/ENGLISH-quick-guide-climate-finance.pdf.

The study is structured as follows:

Chapter 1 provides an overview of the GCF and basic information about it.

Chapter 2 consists of a brief description and analysis of the 20 GCF policies and guidelines that are relevant for the study purpose, dealing with the three issues: CSO participation in GCF meetings as observers; accreditation as Implementing Entity of GCF-funded projects; and access to GCF climate finance. Each sub-chapter ends with brief conclusions, summarising the main take-aways and, where relevant, recommendations directed to CSOs, in view of the main study objective.

Chapter 3 captures the lessons learned from five case studies dealing with the same three issues of CSO participation, accreditation and access to finance. Information for the case studies was gathered from 18 interviewees, all of whom have long-standing practical experience of the relevant issues. It deals with the same topics as Chapter 2, this time from an empirical perspective, without claiming that the results are representative:

- Case study 1 covers CSO experience with the role of CSO observers (international examples);

- Case study 2 looks at the role of CSO engagement in the development of GCF country programmes for accessing finance (examples from Asia);

- Case study 3 captures the role of CSO engagement in GCF readiness and NAP (National Adaptation Plan) support programmes for accessing finance (example from Africa);

- Case study 4 deals with CSO experience in the GCF accreditation process (European examples);

- Case study 5 reveals the experience of two faith-based organisations that attempted to access GCF climate finance with the status of Executing Partners, one in cooperation with an GFC-accredited National Implementing Entity and the second one with an International Implementing Entity (examples from Asia).

The final chapter brings the results of the policy analysis and the empirical case analysis together into a common perspective. Following this introduction, all 12 conclusions and six recommendations from the previous chapters are summarised.

I.

THE GREEN CLIMATE FUND

The Green Climate Fund (GCF) is the biggest climate fund and a flagship **stand-alone multilateral financing entity established under a decision taken by the Conference of Parties (COP)** to the United Nations Framework Convention on Climate Change (UNFCCC) at COP16 (Cancún, Mexico) in 2010. One year later it was formally adopted at COP17 (Durban, Republic of South Africa), underwent a fast start-up phase and initial resource mobilisation in 2014 (USD 10.3bn), and became operational in 2015. Since then, the World Bank functions as the interim trustee, with a renewable mandate at least until 2023, or until a permanent trustee is appointed.

The GCF **mandate**, as well as its main working methods, are set out in the Governing Instrument,[4] approved at COP17:

"In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change."[5]

To be able to monitor its **impact in terms of shifting the paradigm** towards low-carbon and climate-resilient development, GCF defined eight **result areas**, four each for mitigation and adaptation. GCF projects:

- Support sustainable land use and forest management (mitigation);
- Aim to reduce emissions from buildings, cities and industries (mitigation);
- Aim to reduce emissions in the transport sector (mitigation);
- Aim to reduce emissions in the energy sector by renewables (mitigation);
- Help improve the resilience of ecosystem services (adaptation);
- Help increase the resilience of health, food and water security (adaptation);
- Support increased resilience of infrastructure and cities (adaptation);
- Promote resilience of livelihoods of vulnerable people (adaptation).

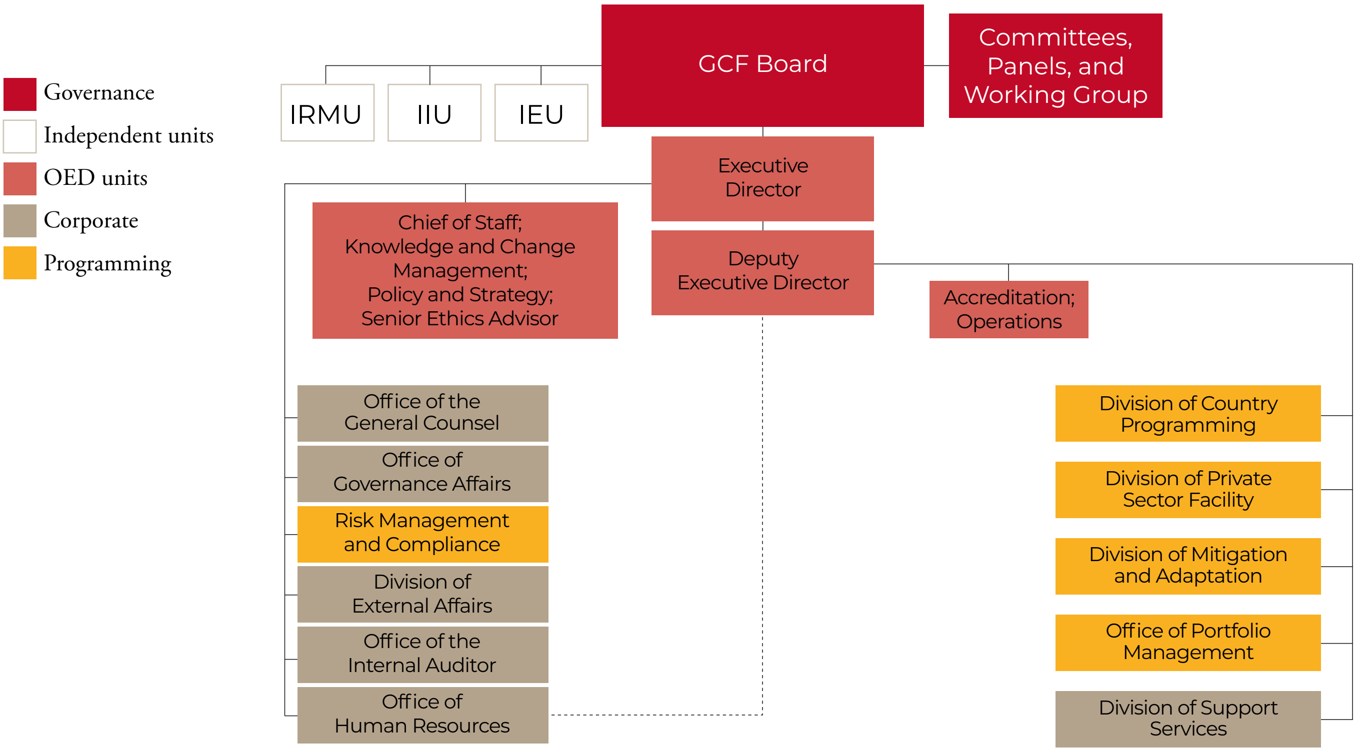
The following key features derive from the mandate, setting the benchmark for GCF's project portfolio development:

- **Investment focus** on transformational change towards greenhouse gas neutrality and climate resilience, as later (2015) enshrined in the Paris Agreement goals;
- **Balanced fund allocation** (50:50) between mitigation and adaptation;
- **Special focus** (at least 50% of the financial adaptation allocation) on the adaptation needs of particularly **vulnerable countries**, i.e. Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African countries;
- Recognition of developing nations' **country ownership** of the support provided by GCF, to ensure it is aligned with national priorities. Therefore, each developing country appoints a **National Designated Authority** (NDA) as the interface between the national government and the GCF. All GCF readiness, support or programming activities in a country, as well as projects proposed for funding, must be authorised by the NDA;
- Directly engaging not only the public but also the private sector for transformational pathways by unlocking investments is considered by GCF as another innovative feature. For this purpose – and to leverage private investments – the **Private Sector Facility** (PSF) was established;
- GCF covers a broad **range of financial products** in order to match different project needs and to deal with different investment contexts, i.e., grants, concessional loans, subordinated debt, equity, and guarantees.

[4] https://www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf.
[5] Ibid.

The **GCF Secretariat** is hosted by the Republic of Korea and headquartered in Songdo, Incheon City. The Secretariat, with around 220 staff members (61 nations, almost 50:50 gender balance), executes the day-to-day operations of the GCF, led by Yannick Glemarec, the Executive Director.

Figure 1.
Organisational structure of GCF



Source: GCF official website

The Secretariat is accountable to the **GCF Board**, and ultimately to the COP, guided by UNFCCC rules and provisions. The **governance** structure, with an independent board that represents developed and developing countries in a balanced way, and hence, ensures consensus-oriented decisions, reflects the form of multilateral governance that is also characteristic of UNFCCC processes and negotiations.

The GCF Board consists of two co-chairs (currently Nauman Bashir Bhatti, Pakistan, representing the group of developing country parties from Asia-Pacific States, and Sue Szabo, Canada, representing developed country parties) and 22 advisers (ordinary Board members), each backed by an alternate. Developing and developed country parties are equally represented: 11 Board members, apart from co-chairs, for each group. Advisory Board members from developing country parties currently include three each from Latin America & Caribbean and Africa; two from Asia-Pacific; one each from LDCs, SIDS and other developing country groups. Developed country parties are represented – apart from the Canadian co-chair – by Board members from EU Member States (7),[6] UK (1), Norway (1), Japan (1) and United States (1).[7]

The Board meets three times a year (27 meetings by the end of 2020). Apart from Board members, their alternates and advisers registered observers from civil society and the private sector, NDAs, Accredited Entities (AEs, see below) and other partners are allowed to attend the meetings, which are streamed live.[8] Board decisions and other Board documents are available on the GCF website.[9]

[6] This includes: Austria, Belgium, Denmark, France, Germany, Italy, Spain.
[7] The list of Board members can be found at: https://www.greenclimate.fund/boardroom.
[8] Information on all previous Board meetings can be found at: https://www.greenclimate.fund/boardroom/meetings.
[9] https://www.greenclimate.fund/boardroom/documents.

The **Strategic Plan**[10] articulates operational priorities and how to achieve the overarching objectives. Apart from the Strategic Plan, the governance system builds on a set of **operational policies, guidelines, frameworks, standards and safeguards**. Since its inception, the GCF has approved around 70 such policies, strategies and other documents relevant for its governance.[11] Those which are relevant for the purpose of this study will be assessed in the next chapter. Board members, NDAs, AEs, civil society and private sector observers, and other partners can provide inputs to most strategy development processes, e.g., in form of submissions.[12]

Out of a total of 197 UNFCCC Parties, 154 belong to the group of Non-Annex 1 countries eligible to receive GCF funding; 147 of those have designated an NDA as the focal point.

Only **Accredited Entities (AEs)** can apply for GCF **project funding**. Private or public, non-governmental, sub-national, national, regional and international entities can apply for accreditation. By the end of 2020, 103 AEs were approved for accreditation, out of which 85 signed legal arrangements and 73 completed the accreditation process. Another 118 entities have been in the accreditation process (105 in Stage 1, i.e., application submitted and being checked; 15 in Stage 2, i.e., applications under Application Panel Review). The accreditation process is complicated and time consuming: usually, it takes at least one year, sometimes several years. This is partly because of the complexity[13] and partly because of the fact that the GCF Secretariat has limited capacity to process applications in a timely manner. Applicants are required to prove that they are capable of managing climate projects, that they meet financial standards as well as environmental and social safeguards,[14] and that they comply with the GCF Gender Policy.[15]

Applicants can apply for accreditation to implement **micro projects** (< USD 10m), **small** (USD 10-50m), **medium** (USD 50-250m) or **large** (> USD 250m) projects. By the end of 2020, 19% of AEs were accredited to implement micro projects, 26% to implement small projects, 26% to implement medium-size projects, and 29% to implement large projects.

GCF recognises three types of AEs: **National Implementing Entity** (NIE), **Regional Implementing Entity** (RIE) and **International Implementing Entity** (IIE). The first two types are seen as providing **direct access** to GCF funding for AEs based in developing countries (see below).

By the end of 2020, 41 AEs fell into the category of IIEs (40%), while 13 RIEs and 49 NIEs provided direct access (60%), i.e., were based in the developing world. Still, a large majority of developing countries have not yet managed to accredit their own NIE. For example, almost all SIDS from the Pacific and the Caribbean were represented only at the level of GCF partners by RIEs, as for instance the Caribbean Development Bank (CDB) or the Pacific Community (SPC).[16] Overall, most NIEs are state agencies, ministries, funds or banks.

Civil society organisations (CSOs) are under-represented as AEs, representing, by the end of 2020, only 5% of all AEs, and 4% of approved projects. Six CSOs have been accredited so far, most as IIEs.

[10] The current Strategic Plan can be found at: https://www.greenclimate.fund/sites/default/files/document/gcf-b24-inf01.pdf.
[11] The list of governance documents can be found at: https://www.greenclimate.fund/about/policies.
[12] ubmissions on the updated Strategy Plan 2020-23 can be found at: https://www.greenclimate.fund/about/strategic-plan.
[13] Accreditation standards can be found at: https://www.greenclimate.fund/accreditation.
[14] Accreditation templates and documents can be found at: https://www.greenclimate.fund/accreditation/documents.
[15] GCF Gender Policy and gender Action Plan can be found at: https://www.greenclimate.fund/document/gender-policy.
[16] The list of Accredited Entities can be found at: https://www.greenclimate.fund/about/partners/ae.

Figure 2:
List of CSOs being accredited as implementing entities

Name	Country	Year of accreditation	Type	Project size	Projects
Conservation International	United States	2015	IIE	Medium	1 project approved (Madagascar)
Fundación Avina	Panama	2016	RIE	Micro	1 project in approval process (Mexico)
IUCN – International Union for the Conservation of Nature	Switzerland	2016	IIE	Medium	5 projects approved (Guatemala, Kenya, Nepal, Sri Lanka, multiple countries)
National Trust for Nature Conservation	Nepal	2020	NIE	Micro	No project
Save the Children Australia	Australia	2019	IIE	Small	1 project in approval process (Vanuatu)
WWF – World Wildlife Fund	Switzerland	2016	IIE	Medium	1 project approved (Bhutan)

Source: Thomas Hirsch

While only a few CSOs are accredited with the GCF, many contribute to project implementation as **Executing Entities** (EEs), contracted by the Implementing Entities.

Furthermore, non-governmental organisations (NGOs) represent the large majority of **accredited observers** (AOs) who follow GCF activities closely, with the chance to attend GCF Board meetings as **active observers**.[17] By the end of 2020, 296 CSOs (including CAFOD and Catholic Relief Services), 83 private sector organisations (PSOs) and 74 international entities were accredited as observers. Eileen Mairena Cunningham (Asociación Indígena Centro para la Autonomia y Desarrollo de los Pueblos Indíenenas) and Erika Lennon (Center for International Environmental Law) represented CSOs as active observers. The GCF calls for observer accreditation on a regular basis.[18]

By the end of 2020, GCF's **project portfolio** included 159 approved projects, worth GCF commitments of USD 7.3bn and a total value of USD 23.4bn (including GCF financing and co-financing from others).

According to GCF estimations, 408m people will benefit from increased resilience and 1.2bn tonnes of CO_2 equivalents will be avoided, thanks to GCF projects approved so far. Of the nominal funding amount, 36% is being spent on adaptation and 64% on mitigation projects. In terms of grant equivalents, the shares of adaptation and mitigation are equal.

As agreed, SIDS, LDCs and African States are over-represented in project numbers, but not yet as envisaged in terms of financial allocation. So far, 62% of project funding is allocated to the public sector and 38% to the private sector. A severe matter of concern remains the fact that still only 22% of all projects are **directly accessed** by regional and national accredited entities, while 78% of all projects are implemented by IEEs**.** Furthermore, direct access projects are, on average, smaller in size: 12% of all projects are micro projects, 33% small projects, 42% medium and 13% largescale projects. Another criticism relates to the fact that only 44% of all funds provided are **grant based**; 42% are provided in the form of loans, 6% as equity, 1% as guarantees and 7% as results-based payments.

[17] Four observers are allowed to attend GCF Board meetings: two from accredited CSO observers and two from accredited PSOs, in both cases one each from developed and developing countries.
[18] Guidelines relating to observer accreditation and participation can be found at: https://www.greenclimate.fund/sites/default/files/document/guidelines-observer-participation-accreditation.pdf. Accreditation announcements can be found at: https://www.greenclimate.fund/news/announcements.

In order to strengthen the institutional capacities of NDAs and Direct Access Entities and their GCF-related planning and programming framework, GCF provides readiness support through the grant-based **Readiness and Preparatory Support Programme** (see below). All developing countries are entitled to apply for this support, which can cover – apart from strengthening institutional capacities of NDAs or NIEs/RIEs – climate strategy and project pipeline development, stakeholder consultations, addressing gaps in NDCs and other climate policies, and knowledge sharing and dissemination. By the end of 2020, USD 260m for 390 readiness requests from 138 countries had been approved. The ceiling for readiness support is USD 1m per country and year. On top of this, up to USD 3m per country is granted by the GCF for the formulation of **National Adaptation Plans (NAPs)** or other adaptation planning processes.[19]

Other than for projects, the application process and requirements for applicants for readiness and NAP support are much less complicated. NDAs or national Focal Points to the GCF can submit a support proposal.[20] During the **Initial Resource Mobilisation** (IRM), 45 countries, three regions and one city (Paris) pledged USD 10.3bn to the GCF. For the GCF's **First Replenishment** (GCF-1) in 2019, 30 countries and one region pledged USD 10bn. By end of 2020, USD 2bn of the USD 3bn pledged by the US in the IRM, remained unfulfilled. Also, 10% of pledges made in the GCF-1 remained unconfirmed, mostly originating from Canada and selected EU Member States.[21] So far, the UK, Germany, Japan, France and Sweden have made the largest contributions to the GCF.

[19] More information can be found at: https://www.greenclimate.fund/readiness.
[20] Proposal templates can be found at: https://www.greenclimate.fund/document/readiness-and-preparatory-support-proposal-template.
[21] The status of pledges as of 30 November 2020 can be found at: https://www.greenclimate.fund/sites/default/files/document/status-pledges-irm-gcf1_2.pdf.

II.

ANALYSIS OF GCF POLICIES AND STRATEGIES

Since its inception, the GCF has approved around 70 **policies and strategies**. The 20 policies and strategies that are most relevant for CSO participation in GCF decision making, for CSO accreditation as Implementing Entity, and for CSO access to finance will be briefly assessed as follows.

GCF POLICIES AND STRATEGIES RELEVANT FOR CSO PARTICIPATION

As specified in para 71 of the GCF **Governing Instrument**,[22] the GCF invites a limited number of CSO and PSO representatives to attend Board meetings. The related **Guidelines relating to the Observer participation, accreditation of Observer organisations and participation of active Observers**[23] were among the first policy documents adopted by the GCF Board in March 2013. With emphasis on the promotion of strong stakeholder participation, they provide further guidance on observer participation and accreditation.

International organisations, CSOs and PSOs can apply for accreditation in a rather simple process, quite similar to the UNFCCC accreditation process. Applications are reviewed by the GCF Secretariat. The GCF Board decides on applications, based on a recommendation from the Secretariat, on a no-objection basis and aligned with rules of procedures. Accredited observers (AOs) are informed of upcoming Board meetings by a focal point of staff in the Secretariat beforehand, can nominate delegates to attend GCF Board meetings, and can provide input (e.g., in form of submissions).

CSOs and PSOs select active observers (two per constituency) following certain selection criteria set out in the Guidelines to ensure balanced participation (e.g., according to gender, developed/developing countries, and local/international entities). Active observers can serve for a maximum of two consecutive terms of two years each.

On the invitation of the co-chairs, active observers can make interventions in open parts of Board meetings. They function as connecting dots between the GCF and the constituency they represent. They must follow disclosure and confidentiality rules, set by the GCF Board.

In 2019, based on an evaluation, the GCF Board adopted a **Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund**,[24] setting out principles and standards for the participation of active observers in Board meetings. Thus, this policy further specifies the above-mentioned Guidelines and the GCF Board **Rules of Procedures**[25] in so far as they cover active observer participation. Inter alia, the policy explicitly states that active observers serve not only in a personal capacity but also as representatives of a broader stakeholder group, that they are obliged to comply with all confidentiality rules of the Board, and that they must fully comply with the principles and ethical standards as set out in the policy. In the case of breaches of these obligations, the case shall be referred to the GCF Ethics and Audit Committee. Furthermore, possible conflicts of interest are being defined, as well as how to proceed when a conflict of interest arises, including precise disclosure rules.

CSOs play an important role in contributing to GCF transparency and accountability, and the rules set by the GCF on CSO participation provide a basic framework to enable CSOs to fulfil that role. CSOs rightly argue, however, that there are still challenges that limit effective, equitable and balanced CSO participation, such as limited access to GCF information, the complexity of GCF modalities and language, and the lack of capacity-building support and resources to engage with the Fund.[26]

[22] https://www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf.
[23] https://www.greenclimate.fund/sites/default/files/document/guidelines-observer-participation-accreditation.pdf.
[24] https://www.greenclimate.fund/sites/default/files/document/policy-ethics-coi-observers.pdf.
[25] The Rules of Procedure are not very specific on observer participation. They can be found at: https://www.greenclimate.fund/sites/default/files/document/rules-procedure.pdf.
[26] See p.9 in https://germanwatch.org/sites/germanwatch.org/files/Toolkit_Engaging%20with%20the%20Green%20Climate%20Fund.pdf.

Conclusion
Building enhanced awareness among CSOs about the GCF and its capacities, in order to strengthen CSO participation and input to the GCF, especially in GCF Board meetings, is crucial. Building the capacities of CSOs should focus on strengthening stakeholders' understanding of GCF modalities to demystify the Fund with regard to both its opportunities and its limitations.

Recommendation
CSOs should provide capacity-building support on GCF modalities, with particular priority for partner organisations in the Global South. This is a prerequisite for CSOs to better access GCF decision-makers and to influence the GCF strategic planning and programming process.

Conclusion
There are clear indications that CSOs or CBOs are not considered by the GCF as a type of project implementer that deserves to be accredited as a prime partner, as has been the case with international organisations and private sector entities.

GCF POLICIES AND STRATEGIES RELEVANT FOR CSO ACCREDITATION AS AN IMPLEMENTING ENTITY

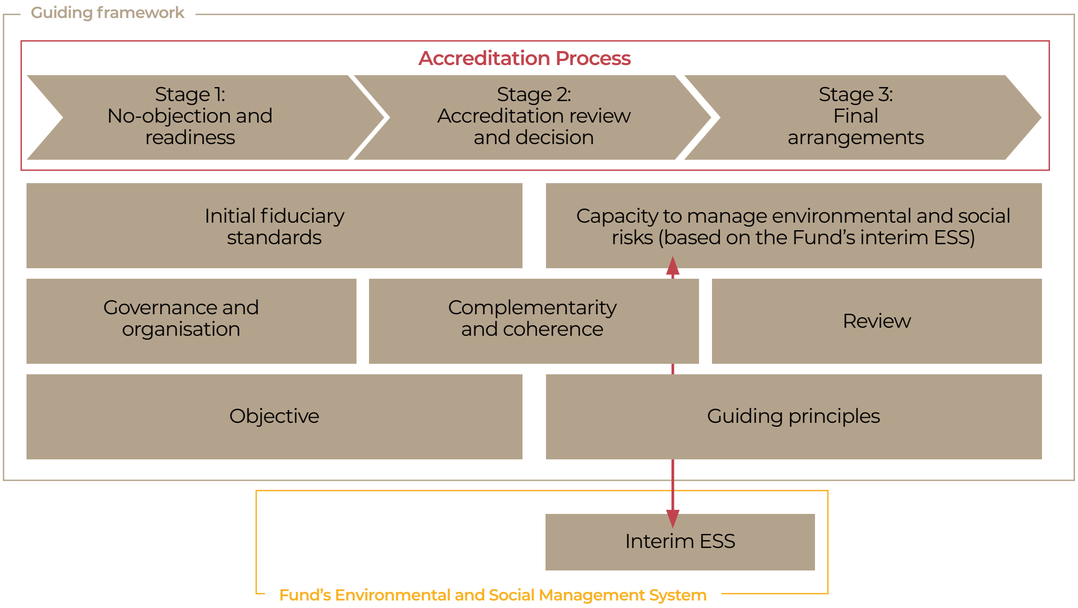
As there are no specific policies on CSO accreditation as IEs, the general accreditation policies must be assessed with a focus on the question of how sensitive or responsive these policies are to the specific circumstances of CSOs. This is especially relevant for smaller national or local CSOs working with vulnerable communities. While these communities were defined as a priority target group by the GCF,27 no specific provisions were made to facilitate their accreditation as IEs, despite the well-known fact that CSOs are specialised in helping vulnerable communities make their livelihoods more climate resilient.

In May 2014, the **Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards**[28] were adopted by the GCF Board. The framework confirms the role of Implementing Entities (IEs) as contractual partners to the GCF, managing funds, overseeing project implementation and transferring funds to Executing Entities (EEs), which are *"the project owners or entities directly responsible for the operational implementation and execution of the project with the full accountability to the relevant IE."*[29] It is further clarified that IEs are accredited for their *institutional capacity* enabling them to submit funding proposals, manage and administer a project, and channel funds for which they are entitled to collect a fee.[30] This description of the main characteristics of an IE indicates an attitude described by an interviewee for our case studies (see below) as *"a banker's attitude, rather than the attitude of a development or environmental organisation"*. This accords with the fact that most GCF Secretariat staff have backgrounds as development bankers, as reported by another interviewee, familiar with the Secretariat.

The accreditation process with its three stages, the main criteria for accreditation, and the key elements reviewed in the process are shown in Figure 3.

[27] For instance, at the level of result areas.
[28] https://www.greenclimate.fund/sites/default/files/document/gcf-b07-02.pdf.
[29] Ibid p.2, 2.1, para 10.
[30] Ibid, para 11-14.

Figure 3:
The GCF accreditation process



Source: GCF Guiding Framework for Accreditation, 2014

In line with GCF's understanding of IEs, and as shown in Figure 3, *compliance with fiduciary standards* is a key criterion to determine the applicant's capacity to implement projects. The initial standards adopted by GCF (see Annex III of the Guiding Framework) were drawn up from standards used by the Global Environmental Facility (GEF), the UN Adaptation Fund (AF), EuropeAid and Multilateral Development Banks (MDBs). However, interviewees (see below) described them as too complicated and bureaucratic, compared to standards used by AF or EuropeAid. Thus, GCF fiduciary standards set a high barrier for the accreditation of non-financial institutions, particularly CSOs. This might partly explain why a disproportionately high number of Accredited Entities are financial institutions such as public and private banks, funds and other financial corporations.

With regard to environmental and social risk management, the GCF decided to initially use the Performance Standards (PS) of the World Bank's private sector-related finance institution, the International Finance Corporation (IFC), until its own Environmental and Social Safeguards (ESS) are developed. While the PS are a widely recognised standard, particularly by international organisations, development banks and their partners, they are of little relevance for CSO projects. Therefore, CSOs face higher barriers than many others to prove their capacity to manage risks through the application of the PS.

The initial accreditation phase is slightly different for entities intending to be accredited on the track of national or regional direct access (including national CSOs from developing countries) compared to the phase for international institutions (e.g., UN agencies, MDBs, international CSOs) seeking accreditation as IIEs. In the former case, a 'No-objection' letter from the NDA is mandatory for applicants, apart from undergoing the 'Institutional assessment and completeness check'. In the latter case, a 'No-objection' letter is not required, making it less complicated to receive IIE accreditation, as compared with direct access. Given the fact that the accreditation pipeline is already very long, and that countries usually prefer to first promote state agencies or banks to become accredited, receiving the 'no-objection' letter is another accreditation hurdle for CSOs, not to mention local ones. The institutional track record, fiduciary requirements and the completeness check (inter alia, several guidelines and policies, including on safeguards, complaint procedures and gender need to be provided and accepted) create further high hurdles for CSOs and other smaller entities who are usually not obliged to work under similar standards to international organisations or banks. In the second accreditation phase, the application is reviewed by the Board's Accreditation Panel before a final decision is taken by the GCF Board. In the last phase, upon approval, final arrangements will be made. Altogether, entities already accredited with similar funds have comparative advantages to fast-track through the accreditation process.

It is easy to imagine that the accreditation process is cost-intensive for both GCF and applicants. In October 2014, a **Policy on Fees for Accreditation**[31] was adopted by the GCF Board, setting fees to be paid by applicants for accreditation. The GCF decided to use a tailored fee approach, based on the different financial capacity of AEs. The main criteria used are the size of the projects the AE aims to apply for, and the type of financial instrument to be used (e.g., grant, loan, equity, guarantee). The more instruments and the bigger the project size, the higher the accreditation fee is. Entities from SIDS, LDCs and African States applying for micro or small projects have their accreditation fees waived.

Conclusion
While accreditation fees are not decisive barriers for CSO accreditation, the costs to applicants to successfully complete the highly bureaucratic, cumbersome and time-consuming accreditation process are high and thus form a very effective barrier to accreditation, at least for smaller national NGOs. This poses the question of whether it is advisable for small and medium-size CSOs to apply for accreditation as long as the standards and processes are not simplified.

Instructions on how to operationalise the standards and criteria in the accreditation process is laid down in the **Guidelines for the operationalisation of the fit-for-purpose accreditation process**,[32] approved by the GCF Board in October 2014. The guidelines should ensure a rigorous, independent, systematic and objective assessment of applications. They emphasise that a uniform or one-fits-all approach to accreditation would impose unnecessary burdens on many applicants. It may even prevent smaller entities from seeking accreditation, and thus prevent the GCF from setting up a diverse network of implementing partners. According to these guidelines, the application process would differentiate according to the future project size and the types of financial instruments to be used. At the same time, a basic set of common fiduciary standards applies to all applicants. While the approach chosen generally is logical, the specifications remain vague, and the experience of applicants interviewed seems to indicate that the simplification of accreditation, where possible and required, especially for smaller entities, has not yet sufficiently materialised (see below).

In 2015, the GCF Board adopted another policy on **Legal and formal arrangements with accredited entities**.[33] It provides guidance on the structure of an accreditation master agreement, containing the general terms and conditions of accreditation, paving the way for project contracts. In the same year, the **Monitoring and accountability framework for accredited entities**[34] was adopted, designed to ensure compliance by AEs with GCF accreditation standards over time. The framework details the ways in which the GCF will monitor AE compliance with accreditation standards, including, inter alia, annual performance reports to be presented by the AE. It also lays down basic requirements of project interim and final reporting, including against GCF investment framework criteria, such as updates on the indicators and ESS and gender reporting for example.

The same framework also sets out the Secretariat's obligation to report to the GCF Board on an annual basis on an AE's performance in relation to its GCF-funded activities. Risk-based monitoring is an integral part of this monitoring. The results of risk-based monitoring will be considered in the re-accreditation process, which takes place every five years, should the AE seek re-accreditation. Information related to risk assessments will also be entered on to the GCF knowledge platform, following GCF information disclosure standards. The right of local stakeholders to access information is particularly emphasised in para 37 of the framework: "Where local stakeholders do not have access to online information, these should be complemented by in-country consultation and information dissemination, as appropriate."[35]

Conclusion
CSOs, especially local CSOs in developing countries, are disproportionally disadvantaged in the accreditation process, given the Fund's high fiduciary principles, the environmental and social safeguards that are designed for the private sector, and other legal and formal requirements. This may explain why only six CSOs were accredited by the end of 2020, including only two entities accredited on the direct access track, one regional (Central America) and one national (Nepal).

[31] https://www.greenclimate.fund/sites/default/files/document/gcf-b08-04.pdf.
[32] https://www.greenclimate.fund/sites/default/files/document/gcf-b08-02.pdf.
[33] https://www.greenclimate.fund/sites/default/files/document/legal-arrangements-ae.pdf.
[34] https://www.greenclimate.fund/sites/default/files/document/monitoring-accountability-framework-ae.pdf.
[35] Ibid.

GCF POLICIES AND STRATEGIES RELEVANT TO CSO ACCESS TO CLIMATE FINANCE

Accounting for only 4% of the GCF project portfolio, CSO access to GCF climate finance is marginal. As argued above, high accreditation barriers are the first major hurdle for CSOs to clear: only 5% of all AEs are CSOs. In the following, GCF project-relevant policies will be assessed for their possible impacts on CSO access to climate finance.

Building on the essential criterion of **country ownership** of GCF funding explained above, the GCF gives governments of beneficiary countries power to pre-select projects they want to be considered for funding through GCF. Two policy documents laid out the foundation in this regard: the **Initial general guidelines for country programmes**[36] and the **Initial no-objection procedure**,[37] both adopted in 2014.

According to the **Guidelines**, the NDAs or focal points, lead the process of developing GCF country programmes aimed at defining mitigation and adaptation priorities, financial needs, roles and contributions of key stakeholders – including CSOs, CBOs and intended beneficiaries – and how to align the country programme with GCF priorities. The guidelines further emphasise that *"the development of country programmes will engage stakeholders, including (…) civil society and the private sector."*[38] Participation of CSOs in GCF programming at the country level is crucial for its objectives, including ensuring a particular focus on vulnerable groups. At the same time, the level of CSO engagement greatly varies, depending on two key factors: the capacity of national CSOs to engage with the GCF and the political will of the government, or NDAs, to let CSOs participate.[39] These aspects will be further discussed in the case studies below.

The **No-Objection-Procedure** requires project applicants to include a formal letter from the NDA with their proposal, confirming that the government has no objection to the submitted proposal and that it is well-aligned with the country's national priorities. Thereby, the national government can effectively ensure that the GCF will only consider projects that conform to government priorities. This limits the space for CSO applications significantly.

In 2017, **Guidelines for enhanced country ownership and country drivenness**[40] were adopted by the GCF Board, aimed at providing guidance on how NDAs could ensure due *country* (not government) *ownership* on mitigation and adaptation action, namely by meaningfully engaging and consulting stakeholders, including those at national, local and community levels, and private sector stakeholders (ibid). While the guidelines stress the importance of effective engagement, including with *"CSOs, indigenous peoples and women's organisations throughout the project cycle"* (ibid), it remains quite vague, refrains from being *"too prescriptive, recognising the wide range of different country contexts"* (ibid). The guidelines confirm the crucial role of NDAs in ensuring country ownership. They also call for loose cooperation between AEs and NDAs: *"Accredited Entities must engage at the earliest possible stage with the NDAs on their identified priorities, making links to policy frameworks and plans"* (ibid). The guidelines also call on NDAs to consider the nomination of Direct Access Entities or partnerships with IIEs in a manner that strategically covers the funding priorities of the country. This *reflects GCF's idea of working with a rather limited number of AEs that function as funding channels to a wider and more diverse group of Executing Entities – including CSOs*. Their role and how to develop projects for the GCF is described in a number of toolkits and manuals.[41]

Given the limited number of IEs, actual country ownership in the sense of an all-society approach on mitigation and adaptation action would become visible as a diverse spectrum of Executing Partners – and not as a range of Implementing Entities. However, if broad stakeholder participation in GCF-funded projects is to happen, it will be highly dependent on the readiness of NDAs and AEs to open the door and let other stakeholders participate in in-country programming, project design and execution. Different experiences in this regard will be further discussed in the case studies below.

Apart from the political dimension of GCF programming and project selection, technical aspects and the complexity of the project application process are the second matter of concern raised by many CSOs – and others – with regard to accessing GCF funding.

[36] https://www.greenclimate.fund/sites/default/files/document/guidelines-country-programmes.pdf.
[37] https://www.greenclimate.fund/sites/default/files/document/no-objection-procedure.pdf.
[38] https://www.greenclimate.fund/sites/default/files/document/guidelines-country-programmes.pdf.
[39] See https://germanwatch.org/sites/germanwatch.org/files/Toolkit_Engaging%20with%20the%20Green%20Climate%20Fund.pdf.
[40] https://www.greenclimate.fund/sites/default/files/document/guidelines-enhanced-country-ownership-country-drivenness.pdf.
[41] For example http://www.acclimatise.uk.com/wp-content/uploads/2020/06/GCF-Funding-Proposal-Toolkit-2020.pdf or https://reliefweb.int/sites/reliefweb.int/files/resources/GCF%20project%20Toolkit_20.01.2017_For%20Publication.pdf.

To make the application less cumbersome, i.e. to reduce the time and effort needed in the preparation, review, approval and disbursement procedures, particularly for small projects (GCF contribution below USD 10m) and for projects with minimal or no social and environmental risks, the **Simplified approval process pilot scheme** was adopted by the GCF Board in 2017.[42] Simplification means less detailed due diligence and consultation processes. The main target group to which this pilot scheme should be applied are direct access entities. They should be encouraged and supported to ensure that applications from such entities make up at least 50% of approved projects under the scheme. Despite the fact that the concept note template was simplified, and other steps in the application and approval process also, there remains a general notion, backed by views expressed in our expert interviewees, that the simplified approval process pilot scheme has not yet led to significant simplification nor to the boost in applications from direct access entities, as expected. What is called 'simplified' is in reality still only minimally less complicated than before. Hence, the criticism remains valid that direct access entities are disadvantaged and that therefore, the GCF, for the time being, remains first and foremost a climate finance instrument for international organisations.

The third matter of concern raised by CSOs on access to GCF funding relates to the financial terms. Both the co-financing requirements and the fact that a high proportion of GCF supported is provided in the form of concessional loans and not as grants are criticised. The **Financial terms and conditions of grants and concessional loans**,[43] published in 2015, briefly explain the terms of conditionality but do not provide any guidance on shares according to funding instruments as grants or loans. The **Policy on co-financing**,[44] adopted in 2019, sets out principles and approaches regarding public and private co-financing. It also determines respective reporting requirements but it does not specify the amount – or at least a proportional range – of expected co-financing in applications. Various interviewees expressed discomfort in this regard, including a feeling that projects applications could be rejected if the contribution of co-financing provided by third parties is small, which is usually the case in CSO applications, and almost always the case if these are small organisations. One interviewee also expressed concern that private sector applications that leverage significant private finance might be prioritised by the GCF, referring to the fact that the GCF in its communications highlights its objective to unlock and leverage private finance through its projects.

Conclusion

CSO access to GCF climate finance is impaired by political, technical and financial factors. As a result of GCF's country drivenness and no-objection approaches, CSOs depend on the full support of the national government to apply for a project in their respective country. This requires a level of trust between the CSOs and the government, which is difficult to achieve in many developing countries. Second, the technical requirements, time horizons and costs of the application process complicate access to GCF finance as Accredited Entities drastically, especially for smaller applicants, as most CSOs are, and the simplified approval process has not yet reduced these difficulties adequately. Third, the lack of clarity with regard to expected co-financing, as well as the assumed preference of the GCF to provide concessional loans instead of grants, combined with a great leverage effect on private finance, disproportionately affects CSOs because of their limited financial resources. The more promising strategy for CSOs to obtain climate funding, however, seems to be to act as an Executing Entity. This option will be further discussed below.

After discussing possible barriers for CSOs to access GCF funding, we will now turn to GCF policies and actions that could offer entry points and opportunities based on the assumption that CSOs have particular strengths in working with Indigenous Peoples, and in highlighting gender, social and environmental concerns.

The **GCF Indigenous Peoples Policy**[45] was adopted in 2018 with the purpose of incorporating considerations related to indigenous peoples into GCF decision making. The main focus of the policy is set on ensuring that indigenous peoples' rights, as enshrined in the United Nations Declaration on Indigenous Peoples Rights and other international human rights law, and as referred to in the Paris Agreement, are respected, protected and fulfilled. Apart from ensuring due participation and the application of the principle of free, prior and informed consent, key objectives of the policy are to promote indigenous peoples' rights and their

[42] https://www.greenclimate.fund/sites/default/files/document/sap-pilot-scheme.pdf.
[43] https://www.greenclimate.fund/sites/default/files/document/financial-terms-conditions-grants-loans.pdf.
[44] https://www.greenclimate.fund/sites/default/files/document/policy-cofinancing.pdf.
[45] https://www.greenclimate.fund/sites/default/files/document/ip-policy.pdf.

well-being, build climate resilience and indigenous livelihoods, and enable indigenous peoples to play a critical role in assisting the GCF to achieve its goals. The policy sets out respective guiding principles, and defines responsibilities and operational requirements, most of them related to the project cycle (for instance, with regard to meaningful consultation; free, prior and informed consent; and grievance redress mechanisms). It supplements the interim GCF ESS standard (see above) on indigenous peoples as well as the GCF Gender Policy and Action plan (see below). AEs must ensure they meet the requirements of the Indigenous Peoples Policy. Furthermore, the policy stipulates that all of its requirements must be met as a minimum requirement by all NDAs in their respective engagement processes. Thus, requirements set by the GCF Indigenous Peoples Policy overrule the country ownership principle (ibid, 8.6, para 90-91).

Apart from setting these quite robust protection standards for GCF engagement and projects, the policy also reaffirms GCF's intention to allocate resources to projects that are *"tailored to meet the needs and priorities of indigenous peoples' climate change adaptation and mitigation activities"* and to promote indigenous peoples' engagement (ibid, 8.9, para 98-100). This should be taken as a very interesting entry point for CSO projects, as also confirmed in one of our interviews (see case studies below).

The GCF Environmental and Social Policy,[46] adopted in 2018, sets out objectives, principles, responsibilities and operational requirements for social and environmental risk management for both the GCF and AEs. The structure of the policy is quite similar to the policy on indigenous peoples. In terms of scope, the policy applies to all GCF-co-financed activities. Broad multi-stakeholder engagement and disclosure, as well as gender sensitivity, are also included in the guiding principles, with the commitment that *"all activities supported by GCF will be designed and implemented in a manner that will promote, protect and fulfill universal respect for, and observance of, human rights for all recognised by the United Nations. GCF will require the application of robust environmental and social due diligence so that the supported activities do not cause, promote, contribute to, perpetuate, or exacerbate adverse human rights impacts"* (ibid, 8q). The requirements for IEs to manage environmental and social risks throughout the life cycle of co-financed projects are considerable: environmental and social impact assessments (ESIAs) are to be conducted and environmental and social management systems (ESMS) must be set up, among others. The rules on the conduct of stakeholder consultations, the set-up of grievance redress mechanisms and information disclosure are relatively precise, and the entire policy supplements the interim ESS standards. Altogether, the policy is adequate for bigger projects. However, the question remains if and how this policy will in practice be applied and adjusted when it comes to smaller projects or projects with little or no social and environmental negative impact (e.g. capacity-building projects). Without some flexibility and adjustments, smaller CSOs will very likely face another set of barriers, as they are usually not required and not used to working with the same set of environmental and social management instruments as bigger entities do.

CSOs have long advocated for an updated GCF **Gender Policy**[47] and a **Gender Action Plan**.[48] Finally, the strategy and action plans were approved in 2019. The strategy sets out the objectives, responsibilities, principles and operational requirements to fulfil the GCF mandate of enhancing gender sensitivity, as laid down in its Governing Instrument. Special reference is made in the policy to the SDGs, with the commitments to gender equality and working towards achieving gender equality by a twin-track approach, that is, through setting a stand-alone gender goal (SDG5) and mainstreaming gender across all other SDGs. This approach is endorsed by the GCF, according to its Gender Policy. The policy specifies three main objectives:

- To support climate change interventions and innovations through a comprehensive gender approach, applied by the GCF, AEs, NDAs and delivery partners for activities under the GCF readiness and preparatory support programmes;
- To promote climate investments that enhance gender equality or minimise gender-related risks in all climate actions;
- To reduce the gender gap of climate change-exacerbated vulnerabilities.

The Gender Policy should be applied at GCF institutional, project, national and sector levels. Four guiding principles underpin the core values, and policy requirements specify the responsibilities of all actors, including for instance the project-level requirement for AEs to undertake a gender assessment.

[46] https://www.greenclimate.fund/sites/default/files/document/environment-social-policy.pdf.
[47] https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf.
[48] https://www.greenclimate.fund/sites/default/files/document/gcf-b24-15.pdf.

The updated Gender Action Plan for the time period 2020-2023 specifies how to operationalise the Gender Policy. Among others, it builds on 37 submissions from 80 organisations that responded to a GCF call for input. It also refers to lessons learned, highlighting the fact that the large majority of projects approved by that point had conducted gender assessments, set up gender action plans, and provided sex-disaggregated indicators. The Gender Policy and the Action Plan both indicate that the GCF takes gender seriously. CSOs that apply for particularly gender-responsive projects may use this as an advantage.

Conclusion
CSOs are often attributed with a special competence in dealing with gender and indigenous peoples' concerns in project design and implementation. If CSOs are highly specialised in these regards, they can use this as an advantageous unique selling point for accessing GCF funding.

Many GCF policies and strategies are designed in a way that is disadvantageous for CSOs in terms of both accreditations and directly accessing GCF funding, while few offer advantageous entry points, as we have seen. Altogether, access to the GCF remains a challenge for CSOs, apart from taking the role of observer. This leads to the concluding question of this chapter: have these challenges been understood as politically relevant by the GCF Board, and if so, are there any indications that they will be addressed in the next few years. To answer this question, the **Updated Strategic Plan for the GCF 2020-2023**,[49] as approved by the Board in November 2020, will be briefly analysed below. The plan will guide the strategic objectives and priorities until 2023. However, CSOs and their possible contribution to the Fund's long-term goal, as well as the specific challenges they face to effectively contribute, as discussed in this study, are simply not addressed in the updated strategy.

While the strategic role of other stakeholders, particularly the private sector, is extensively discussed in the strategy, and underpinned with clear objectives, CSOs are not even mentioned as implementing or executing partners. The only mention of CSOs in the strategy appears very briefly in Chapter 5.1.3 'Stakeholder collaboration and engagement with impacted people and communities'.

Apart from stressing the relevance of applying safeguards, and indigenous peoples' standards, and promoting gender mainstreaming, the GCF commits to enhance engagement with indigenous peoples, including through establishing an Indigenous Peoples Advisory Group, and to support broad-based and inclusive stakeholder participation in GCF activities, including civil society, *"to ensure needs and concerns are put in the local context"* (ibid, 5.1.3, para 31d).

If this is all to be said about CSOs in the GCF strategy, it must be assumed that the GCF Board considers CSOs as a marginal factor for achieving its goals. Even if we take into account that some of the strategic priorities – such as improving direct access and strengthening the Fund's contribution to enhance climate resilience of vulnerable communities – are in line with CSO demands and may help to improve CSO access to GCF climate finance, the questions remain: how is it that legitimate CSO concerns about and expectations of better access remain completely unaddressed? Can it be the case that CSO observers have not yet raised their voices on these issues and that they have not advocated strongly for better CSO access to GCF funds? We will come back to this question in the next chapter.

Conclusion
Legitimate CSO concerns regarding the very high barriers for accreditation and access to GCF climate finance remain unaddressed in the Updated Strategic Plan for the GCF 2020-23. An effective CSO advocacy strategy to remove these barriers apparently was not followed, neither in the context of country programming nor during GCF Board meetings.

[49] https://www.greenclimate.fund/sites/default/files/document/gcf-b27-21.pdf.

III. EVIDENCE-BASED ANALYSIS OF CSO ACCESS TO THE GCF

This section will explore three research questions. Does the above analysis reflect the practical experiences of CSOs with the GCF? What lessons have been learned? Does evidence back policy analysis? To answer these questions, five case studies were conducted, including a series of 18 in-depth expert interviews. Interviewees represent a wide range of stakeholders from Africa, Asia and Europe, with different backgrounds: local, national and international CSOs including faith-based organisations, consultants, think tanks, governmental and international organisations. They look at the GCF from different perspectives as accredited observers, national and international implementing entities, executing partners, GCF consultants, former and active GCF Board members, their advisers, and applicants for both GCF accreditation and projects. Interviews were conducted under Chatham House Rule, therefore all statements in the following presentation are anonymised. Results do not claim to be representative.

CASE STUDY 1

LESSONS LEARNED FROM CSO OBSERVER PARTICIPATION IN GCF BOARD MEETINGS

Hundreds of CSOs have been accredited as observers to the GCF and follow the Fund's decision making, as discussed in the previous chapter. While CSOs play a relatively marginal role in project implementation, they are the strongest observer constituency, at least by numbers.

The Accredited Observers (AOs) interviewed highlighted more or less similar priority issues as interviewees representing the GCF as advisers or Board members: enhanced direct access, simplified approval, a missing balance between adaptation and mitigation, more grant-based projects (at least for adaptation), and higher transformative ambition of projects. They also agreed that there is a need for reform, but that the GCF is divided, that co-operation among co-chairs is poor, and that the online working mode under pandemic conditions makes it even more complicated for the GCF Board to find a consensus on the way forward. Thus, it can be concluded that the GCF currently faces many challenges to be addressed, that the Updated Strategic Plan 2020-2023 might include the right priorities, but that implementation is a different matter.

In all the interviews it became clear that the issues of concern for CSOs – in so far as they go beyond CSO advocacy support for the policy demands of LDCs and SIDS, or the general call to support higher ambition – are neither being promoted with high priority by CSOs themselves nor are they prioritised by Board members, not even by those who usually cooperate closely with CSOs. In other words, neither improved CSO participation in GCF country-level programming, nor easier accreditation and enhanced access to GCF climate finance for CSOs are currently important topics for discussion. For this reason, it is not very likely that the GCF Board will address them in the near future, at least not as stand-alone issues or with the explicit framing of promoting CSO access to GCF finance.

Given this rather frustrating context, what options exist to create more enabling conditions for CSOs – not only as observers but as project implementing or executing partners to the GCF, as is expected and promoted by a large majority of CSOs, at least from the Global South? Four options were discussed with interviewees:

1. **Swim with the current**: CSO cases could be dealt with under the more general banners of enhanced direct access and simplified approval. The current assessment of the GCF Independent Evaluation Unit on simplified approval could be used to also look at concrete CSO cases and come up with specific recommendations tailored to CSO needs;

2. **Lead by example**: CSOs could make more strategic use of their unique selling point (USP), which accords well with current GCF priorities – namely, to address the needs of vulnerable populations in well designed, authentic and innovative adaptation projects – which would have above-average chances of being considered positively by GCF. Over time, this could lead to a generally more favourable notion of CSO projects within GCF;

3. Based on the precedence case set by the Private Sector Facility, advocate for setting up a **Small-Grant Facility** as a specific (micro/small grant) CSO funding window providing simplified access to climate finance for CSOs, at reduced project size but under more flexible access criteria, for instance by applying a **project-specific assessment approach** instead of the business-as-usual accreditation standards for IEs. Such a proposal was once briefly discussed, but then rejected by some GCF Board members, for instance from Egypt and Saudi Arabia. A renewed initiative to become more successful would require the support of Board members from developing countries, particularly those countries which closely cooperate with NGOs, such as many SIDS and LDCs;

4. Advocate for the promotion and extension of **programmatic funding approaches**[50] with an 'umbrella modality' whereby an IE applies for GCF funds to finance the climate actions of a number of smaller CSOs or CBOs that function as Executing Entities under one overarching theme, but with the necessary level of flexibility, reflecting their diversity. This could be a tailored approach to also address the needs – and complementary strengths – of smaller partners that would otherwise fall through the grill. For instance, a number of resilience building projects for particularly vulnerable groups could be bundled in one umbrella application.

Conclusion

CSOs are a well-represented observer group in GCF Board meetings. In their advocacy work they focus mainly on issues that are top agenda items in GCF Board meetings, such as enhanced direct access, simplified approval, better balanced support of adaptation and mitigation action, and higher transformative ambition. The political agenda of CSOs is quite similar to the agenda of progressive forces in the GCF. Advocacy for enhanced access to climate finance for CSOs, in contrast, is not a CSO priority. That leads to the question of whether this issue deserves reconsideration, given the high expectations and demand for GCF climate finance, articulated by many CSOs in the Global South.

Recommendation

CSO networks with close ties in the Global North and many partnerships in the Global South should facilitate a strategic dialogue between CSOs on the question of what to expect from the GCF in terms of providing climate finance for CSOs. Building on the outcome of such a dialogue, CSOs could lobby the GCF to take a more nuanced approach towards CSOs, including as project implementing partners, and not only as observers. This could include, without being policy prescriptive, advocacy initiatives for special funding windows for CSOs, e.g., a Small Grant Facility, taking the Private Sector Facility as a precedent.

[50] https://www.greenclimate.fund/sites/default/files/document/gcf-b25-08.pdf.

CASE STUDY 2

LESSONS LEARNED FROM CSO PARTICIPATION IN GCF COUNTRY PROGRAMMING (SOUTH ASIA)

Setting up GCF country programmes under guidance from the NDA or national focal point for the GCF is a crucial process, according to an interviewee who co-authored Bangladesh's GCF country programme.[51] It largely determines the country's priorities vis-à-vis the GCF, and provides the NDA with criteria to pre-select institutions that qualify to pursue NIE accreditation as well as for project pipeline development. In the case of Bangladesh, the country programme provides guidance on the roles of the two NIEs, the Infrastructure Development Company Limited (IDCOL)[52] and the Palli Karma-Sahayak Foundation (PKSF).[53] De facto, IDCOL and PKSF are responsible for setting up the project pipeline, as confirmed by another interviewee who works with one of the two NIEs. While IDCOL has the role of managing the pipeline of possible mitigation and private sector project proposals from Bangladesh, PKSF has a similar role for adaptation projects, with a strong focus on the needs of the most vulnerable populations. The role of the NDA was described as rather administrative and reactive. It has to be noted that the division of responsibilities between NDAs and NIEs is a matter of national circumstances and that our example cannot be generalised. By the end of 2020, Bangladesh had received approval for five projects (three implemented by IIEs, one implemented by each of the two NIEs) and six readiness and support activities. The cooperation with the GCF Secretariat with regard to the development of the GCF country programme, as well as with regard to accreditation and projects, was described by the NIE representative as "improvable", particularly with regard to the slow response provided by the Secretariat. "Often we have to wait for months to get a response to an email", to quote the interviewee, who furthermore criticised a lack of procedural transparency, and noted that much depends on who your contact person is within the Secretariat, leading to the suggestion that GCF country officers should always come from another world region, to avoid conflicts of interest. According to interviewees, processes have not become quicker, despite there being more GCF staff.

Asked about the role of CSOs in GCF country programming, the interviewees from Bangladesh, as well as two from neighbouring countries, and other interviewees from international organisations, international CSOs, and GCF advisers, unanimously agreed on the importance of having strong CSO participation in the development of GCF country programmes. Many argued that CSO participation contributes to making the perspective of vulnerable groups better heard, and that the level of programmatic – and truly transformative – ambition would be encouraged by strong CSO engagement.

The case of Bangladesh was described as a good practice example for a transparent and inclusive country programme, with effective multi-stakeholder participation. Similarly, the behaviour of the NIEs and the NDA was described by CSO interviewees as cooperative. This was seen as a precondition for an ambitious, open and innovative project pipeline development, and effective country ownership (in the sense of an all-society approach).

Although CSO participation in the development of country programmes is mandatory according to the GCF guidelines (see above), this approach is not always strictly followed, according to observers. As a consequence, the level of CSO participation depends very much on the political will of the respective country. Countries that do not want CSO participation would often argue that there are special national circumstances and insist on the principle of 'country ownership' to justify their approach. When this happens, there is usually very little or no critique from the GCF Secretariat and the GCF Board, as interviewees reported.

Conclusion

Strong CSO participation can contribute to making GCF country programmes more ambitious and more focused on vulnerability. CSO participation reflects the all-of-society approach in transformative climate action, as called for by the GCF. Whether this approach is followed, largely depends on the political will of national governments and NDAs. If the GCF takes its mandate seriously, it should consistently address concerns with regard to GCF country programming, for instance, weak national consultation processes, lack of country ownership, low ambition and lack of transformative character.

Recommendation

It is recommended to include the call for strong CSO participation in GCF country programming to the list of key policy demands for lobbying the GCF. It is further recommended that CSO networks encourage and enable the engagement of their partners in the Global South in GCF country programming as part of their national-level advocacy activities. The participation of CSOs and CBOs in the development of GCF country programmes aimed at anchoring their priorities and the legitimate interests of vulnerable people should be seen as a possible enabler for setting up an ambitious project pipeline, and thus, for providing access for CSOs to GCF climate finance.

[51] https://www.greenclimate.fund/sites/default/files/document/bangladesh-country-programme.pdf.
[52] https://www.greenclimate.fund/ae/idcol.
[53] https://www.greenclimate.fund/ae/pksf.

CASE STUDY 3

LESSONS LEARNED FROM CSO PARTICIPATION IN GCF SUPPORT PROGRAMMES (MALAWI)

The provision of capacity-building support through GCF readiness and capacity-building support programmes, as well as support for the development of National Adaptation Plans (NAPs) and other adaptation policies and strategies, is another pillar of GCF to support climate programming below the level of projects, as we have seen in the previous chapter. The barrier for CSOs and others to qualify for implementing such programmes – applications that must be suggested by the NDA or a national focal point – is much lower than it is for accreditation as an IE. Thus, such activities, for which GCF had approved USD 260m by the end of 2020, offer entry points for CSOs to shape climate actions and benefit from GCF climate finance.

Malawi has been engaged with GCF from the beginning, mainly because a Malawian climate diplomat, Njewa Evans, served as the LDC lead climate finance negotiator in UNFCCC negotiations at the time the GCF was set up. By the end of 2020, Malawi had received support for two GCF projects as well as USD 3m in GCF readiness funding, as well as support for the development of a National Adaptation Plan (NAP). However, no Malawian NIE has yet been accredited. Thus, gaining direct access to the GCF through the accreditation of an NIE is currently the top priority of the Malawian NDA.

Our interviewee, representing a national network of climate-active CSOs and CBOs, considered government support in the GCF co-funded NAP development to be the top priority for the CSO network in the short term, and gaining direct access through the accreditation of an NIE as the key mid-term priority.

The CSO network's experience of the GCF so far was portrayed by our interviewee as generally positive, e.g., with regard to the support and cooperation under the GCF readiness programme – despite many procedural delays and difficulties. Altogether it took two years for the readiness support to be approved. A part of the delay was attributed by the interviewee to the NDA's weak capacity and lack of understanding of GCF rules in the beginning. Another part was attributed to the GCF itself, where *"everything was complicated because everything was politicized. As a consequence, the GCF always came up very late with policies and guidelines. Working with GCF appeared to be like flying a plane while you are still building it,"* to quote the interviewee. In comparison, the process of receiving financial support for the NAP process has gone much smoother, according to the interviewee, who concluded that both the NDA and the GCF Secretariat have gained experience. As a result, readiness and NAP support programmes are now better communicated, better understood and better implemented.

In 2017 the CSO network itself began to provide capacity-building support to NGOs as part of a GCF readiness programme. This work has been considered to be very relevant, successful and well worth scaling it up. The interviewee expressed his expectation that CIDSE could also support CSOs' capacity and GCF readiness financially and technically, with the ultimate aim of enabling CSO access to GCF finance.

GCF grants would be very attractive for CSOs, due to the amount of funding. However, national CSOs would still lack the capacity to develop fit-for-purpose projects. Being part of the NAP process would further enhance these capacities, albeit not up to the level required.

Alternatively, it was suggested that a CIDSE member could be accredited as an IE, with its main purpose being to develop concept notes for the GCF with a clear focus on building the climate resilience of vulnerable groups. That would allow local CIDSE partners to access GCF funding as Executing Entities, in partnership with CIDSE.

The statements of the interviewee clearly indicate a very positive perception of the GCF, combined with high expectations that GCF could be accessed by national and even local NGOs for climate finance, preferably as EEs implementing projects successfully launched by either an NIE or an IIE. CIDSE is considered a potential candidate to become an IIE.

CSO capacity building and readiness support were identified as relevant areas of engagement that deserve to be intensified. Along these lines, the GCF-co-funded NAP process was characterised as a useful step to enhance capacity – apart from delivering a NAP for Malawi.

According to the interviewee, CSOs and the government of Malawi are sitting in the same boat vis-à-vis the GCF. They collaborate closely and share a priority to achieve NIE accreditation as soon as possible, which could then provide direct access to GCF funding.

The high relevance of both enhanced direct access, as well as simplified project approval processes, were also stressed by a long-standing adviser to a GCF Board member representing LDCs, and similarly by a senior CSO observer of the GCF. According to them, readiness programmes and other pilots on enhanced direct access and simplified approval have not yet improved the situation. This is underpinned by the fact that so far less than 15% of approved GCF project funds went to NIEs. At the same time, the accreditation process remains burdensome due to high eligibility criteria, language, costs, limited GCF Secretariat capacity and other bottleneck factors.

Interviewees expressed the hope that the situation would improve with the Fund's Updated Strategic Plan, which has set respective priorities and targets. However, some high barriers are likely to remain in place for national CSOs seeking accreditation. Most countries prefer public or even private sector institutions to become accredited. Therefore, interviewees stressed how important it is for CSO applicants to be able to prove their unique expertise to attract NDA support for their accreditation. Apart from that, it was noted that accreditation standards, if they remain unchanged, would make it almost impossible for small organisations to become registered. GCF readiness support might help CSOs to better understand the GCF, but it is unlikely to reduce these barriers. Therefore, experts concluded that becoming an Executing Entity seems to be a much more realistic strategy for (small) CSOs to access GCF funds.

Conclusion

GCF readiness and support programmes, as well as GCF support for NAP processes and other national adaptation planning and strategizing processes, offer entry points for national CSOs and even local CBOs in the Global South to become engaged with, and better understand, the GCF and its transformative agenda. However, there is often a huge mismatch between high CSO expectations of the GCF and what it is able to deliver for CSOs, due to the high barriers we have discussed. Bridging this gap should become a priority, in order to avoid frustration and discouragement.

Recommendation

Networks like CIDSE should join capacity-building efforts among CSOs on climate finance in general and the GCF in particular. This could include supporting local partners to take part in national GCF consultations in the context of country programming, to join GCF readiness programmes, and, very importantly, to engage in GCF-supported NAP processes with a view to creating country ownership and more ambitious climate policies, actions and GCF-funded projects. One concrete option could be to join the 'Focus Africa' project.[54] It is also recommended to advocate for the GCF to revise its communication strategy, with a view to accurately responding to CSO expectations on options to receive GCF support for their climate actions.

[54] https://www.international-climate-initiative.com/en/details/project/green-climate-fund-civil-society-readiness-focus-africa-16_II_154-514.

CASE STUDY 4

LESSONS LEARNED FROM CSO ACCREDITATION AS IMPLEMENTING ENTITY

With its Canadian affiliate as the lead, an international development NGO started the accreditation process for small projects (USD 10-50m) more than two years ago. After an internal stock-take, the decision was recently taken to stop the accreditation process for a number of reasons.

First of all, the accreditation process turned out to be frustrating and time-consuming (in terms of staff capacity, approximately one staff-year already spent), with poor guidance provided by the GCF Secretariat and very slow communication (it took, for instance, one year to get access to the accreditation account). In terms of formal accreditation requirements, it was very difficult in the end for an international and diverse organisation, with different internal organisational cultures and standards, to harmonise them at the levels expected by the GCF. Having faced these challenges, the organisation sought dialogue with the GCF Secretariat but was disappointed with the approach taken by the Secretariat, which was not felt to be the partnership approach the GCF claims to promote.

Second, the results of an internal cost-benefit analysis of becoming a GCF-accredited project partner turned out to be negative. The high overhead costs for the accreditation, project development and project implementation would exceed the GCF grant component that could be used for these purposes, according to the organisation's calculation.

Third, and closely related to the latter, the interviewee criticised the GCF for not clearly explaining what an appropriate range is for IE co-financing. While the GCF appears to have high expectations, the Fund fails to provide clear guidelines on this issue. This would lead to a lack of planning security and de facto exclusion of applicants not in a position to mobilise high shares of co-financing, according to the interviewee.

Thus, the organisation concluded that the GCF would not consider CSOs as important implementing partners, which therefore narrows the accreditation window for them. This is a finding quite in line with the outcome of the policy analysis (see above).

A Danish faith-based development organisation, to take a second example, for almost two years internally discussed whether to go for accreditation. For political reasons (*"We want to contribute to shaping GCF's programming and portfolio development in a climate just, transformative, pro-poor and gender-sensitive way, serving the needs of vulnerable communities"*) and also seeing it as a long-term investment, the organisation's Board finally decided to go for accreditation. The accreditation process started in 2018. At the end of 2020, the organisation felt it was still at least one year away from completing the process. This process was described as challenging, complicated and time-consuming. The interviewee estimated that the entire accreditation process would take 1-2 staff-years, and the development of a full project another 1.5 staff-years. Part of the cumbersomeness of the process was attributed to the slow reactions of the GCF Secretariat. Here again, the example was given that it took several months to get an access code to the GCF system, which is needed for the accreditation process. The process of accreditation as such, and the eligibility criteria, were characterised as much more rigorous than any other such processes and criteria known to the organisation, such as accessing EU budget lines for development cooperation or humanitarian aid. It was also stressed that the organisation had to set up a number of standards and guidelines, e.g., a performance indicator framework, environmental and social impact assessment and management standards, or guidelines on due diligence, because the respective frameworks, standards and guidelines the organisation had worked with so far, and that were accepted by other donors – for instance, the EU – were not accepted by GCF.

Despite their criticisms, neither of the two organisations had engaged with the GCF Board and shared their experience and concerns in order to find ways to improve the accreditation process.

Asked for their opinion on CSO accreditation, several active and former GCF Board members and advisers to Board members shared the view that enhanced access for CSOs has neither been nor is currently a priority. It was not even a discussion point in the last Board meetings. Despite this, it was unanimously stressed that a better representation of CSOs among AEs and at the project portfolio level would be an advantage because CSOs could particularly address the needs of vulnerable populations in projects, and more CSO projects could improve the quality and transformative character of the GCF portfolio altogether.

In terms of challenges, it was confirmed that the accreditation pipeline is already very long, therefore takes too long to get accredited, that the process is managed by the Secretariat, and that the Board is usually not looking into it. As concrete steps to address shortcomings, it was suggested that CSOs should ask for maximum response times from the Secretariat in the accreditation process, that they should engage directly with Board members from their region to let them know about their accreditation or project plans, and that they should also share their concerns with regard to accreditation with those Board members from developing countries with whom CSOs usually cooperate, i.e., members from SIDS, LDCs and African States.

Could it be recommended that a CIDSE member receives accreditation as an Implementing Entity? Interviewees found it difficult to give a clear answer to this question. What they said can be summarised as follows:

Conclusion

GCF accreditation is very complicated for CSOs not only because of formal requirements, but also because the GCF Secretariat is a bottleneck, which was not cleared, and it appears to have little experience in dealing with CSOs. These difficulties need to be addressed at the GCF. However, even in a more enabling framework, CSOs need to ensure they make a well-informed decision whether or not to go for accreditation. Such a decision may not only be based on a financial cost-benefit analysis, but may also reflect whether a CSO has a unique selling point that would strategically complement the sample of AEs in such a way that it serves country priorities, the long-term transformational goals of the GCF and the short-term needs of particular beneficiaries of the Fund, which may otherwise remain overlooked. For this reason, two further interviewees from developing countries, one representing an IE and the other representing an NIE, clearly encouraged accreditation of CSOs that have a strong focus on vulnerable groups and could therefore fill a gap, as most AEs have no focus on vulnerable groups.

Recommendation

It is recommended that interested CSOs take an informed and strategic decision before entering the IE accreditation process. The decision-making should include at least three steps:

1. **Discuss the motivation for and expectations of becoming an AE; reflect also on the possible benefits of becoming an AE for your partners and beneficiaries in the Global South;**
2. **Assess your capacities and carry out a gap analysis in view of GCF expectations and accreditation criteria. Use the self-assessment tool provided by GCF[55] as one instrument for this capacity and gap analysis;**
3. **Undertake a long-term (10 years) cost-benefit analysis, incorporating cost estimations for accreditation, acting as an AE, developing projects and ensuring re-accreditation.**

[55] https://www.greenclimate.fund/accreditation/self-assessment.

CASE STUDY 5

LESSONS LEARNED FROM CSO ATTEMPTS TO ACCESS GCF CLIMATE FINANCE (SOUTH ASIA)

Apart from presenting a project as an accredited Implementing Entity (IE) to the GCF, a CSO can also become an Executing Entity (EE), partnering with either a National (NIE) or an International Implementing Entity (IIE) to present and implement a GCF-funded project. Given the fact that the barriers are very high to become accredited as an IE, as we have discussed, it is more promising for a CSO to become an EE. This, however, begs the question of whether an EE can be more than a service partner who only executes a project for someone else. To answer this question, we will look at two different cases from South Asia.

SAFBIN (Strengthening Adaptive Farming and Biodiversity Network, safbin.org) was founded in 2008 as a multidimensional and multisector programme addressing challenges of smallholder peasants in South Asia. Special attention has been paid to climate change and biodiversity protection. Farmer-led research, in close cooperation with science, has been a key feature of the programme that involves eight national Caritas sections (India, Bangladesh, Nepal, Pakistan, Austria, Italy, Switzerland, Luxembourg) and several academic partners (e.g., Vienna University, SHUATS/India, BIRRI/Bangladesh, NARC/Nepal).

In one South Asian country, Caritas began to search for financial partners to support a new SAFBIN project phase. The link to GCF was made in the context of discussions with GIZ about adaptation planning. However, the analysis quickly showed that Caritas would need to attract an NIE for the project to channel it to GCF. The contact was made and the project focus – developing agricultural and agro-meteorological information services targeting farmers to enhance their resilience – was considered very interesting by the NIE. At the request of the NIE, Caritas developed a concept note, which was welcomed by the NIE and considered suitable for submission to the GCF. Before that, however, approval from the designated state authority was required which would serve as the nodal point for climate finance acquisition in this particular part of the country – below the level of NDA. Caritas approached this authority and was advised to seek the support of the local authorities of all 20 administrative units that would be covered by the project. Caritas did so and succeeded in getting their unanimous support. However, further communication with the state authority ended in a deadlock: no decision on the concept note was taken, despite many Caritas interventions. It appeared to be the case that the state authority would prefer or had instructions, only to consider public institutions as beneficiaries of climate finance. This, however, remained unknown, as no transparency on decision criteria was provided. Communication, other than with the NIE, was very unclear and the entire treatment of the case by the state authority was considered unfair and unprofessional.

For this reason, the project never reached the phase of being discussed with the GCF. It was blocked by a sub-national governmental authority despite clear support from the NIE. In this country, the process of receiving the approval of state authorities to apply to GCF remains non-transparent, and decision criteria and procedural steps unclear, according to interviewees.

Despite these difficulties, Caritas would still consider GCF as a potentially very interesting source to provide climate finance. However, it was also stressed by the three interviewees, that an organisation like a national Caritas affiliate faces structural limitations that make it very unlikely to develop on its own a project that could be presented via an NIE to GCF, without outside support. Apart from technical limitations and capacity gaps, a Caritas Director, elected for a limited term of four years, would usually be very hesitant to take the risk of investing significant human and financial resources into the development of a GCF project that would be decided only after many years, in a highly competitive environment. Therefore, the expectation was raised that Caritas Internationalis, CIDSE or its members should consider earmarking funds to financially and technically support the development of projects to be submitted to GCF or other climate funds.

Our second example is about a faith-based organisation in another South Asian country that approached an international organisation being accredited with GCF as an IIE. The project has not yet been approved but everyone involved is certain that it will not fail in the end.

The focus of the project is on building the resilience of tribal communities in a region severely affected by drought, hampering peoples' lives and livelihoods. The current lack of adaptive capacities leads to maladaptation, i.e., many people step out of agriculture and lose their source of income, and with it, parts of their cultural identity. Thus, the purpose of the project is to strengthen their adaptive capacities.

The GCF has always been considered a great funding opportunity by the faith-based organisation that developed the project. The main criterion for success was seen in the ability to clearly identify and promote its own unique selling point (USP) and make it match key GCF selection criteria and priorities. The organisation's long-standing experience working with climate-vulnerable minority ethnic communities was identified as the USP vis-à-vis GCF priority to build the resilience of vulnerable populations. Furthermore, according to the interviewee, the project was developed bottom-up, in close consultation with the target groups, is of high quality, considers gender sensitivity as another priority, and is transformative.

Cooperation between the faith-based organisation and the IIE was described by both sides as trustful, close, on equal footing and of mutual benefit. While the faith-based organisation has the standing and the competence to work with the beneficiary groups, the IIE has extensive experience with the GCF, i.e., has good contacts and is familiar with all the complex requirements such as standards and processes. Furthermore, the IIE, according to interviewees, works in close cooperation with the government in the country where the project is to be implemented. Thus, it is not a problem to receive a 'No-objection' letter.

Both the faith-based organisation and the IIE described the experience with the NDA (five meetings so far) as positive. Interaction with the GCF Secretariat was characterised as generally good, though complicated and lengthy. A pre-feasibility study was undertaken, a gender assessment and a gender action plan had to be developed, as well as many more documents, including an ESIA. In December 2020 the last steps were underway, for instance, the final feasibility study. To conclude, all involved partners are optimistic that the GCF will approve the project and that it will become a success story.

Asked for more general views on the special role of CSOs in GCF projects, one interviewee from an IIE very much pointed to the fact that CSOs should take a much more proactive approach in becoming accredited as IEs and developing GCF projects, be it as IEs or EEs, in order to reform GCF from inside instead of only criticising it from outside: *"If you want to influence the game you can't do it from the sidelines"*, to quote that person. This statement was based on the analysis that the GCF would be run like a development bank: bankers would dominate, while development and climate experts would form a minority of the staff. Thus, cost-effectiveness would be a key criterion, while SDG-alignment of climate action, being paramount for success, would be lacking by and large. Co-benefits between climate and development action would not play the role they deserve and there would be a very limited understanding of what innovation and transformation really mean. Many actors, including the GCF Board, would even oppose real innovation and transformation. Altogether, too many decisions would be politicised and GCF in reality would not apply the systemic approach it stands for. Considering this context, more innovative and truly ambitious high-quality projects would be needed to bring change from inside – and CSOs with a reputation and an excellent track record could pioneer that change.

A similar opinion was shared by another interviewee, working as a climate finance policy adviser for climate-vulnerable governments. According to this person, one of the main reasons for the limited contribution of GCF toward transformational change is the fact that a too high percentage of submitted projects would be business-as-usual projects, with many of them being recycled projects originally developed for other funders, but which had failed to be approved. CSOs could contribute to breaking that trend by investing in the development of flagship projects of ambition and true vulnerability focus.

Conclusion

Due to the high barriers to accreditation as IE, as discussed in this report, resulting in a severe under-representation of CSOs among IEs, in particular given the great interest of CSOs in accessing GCF funds, it might be more promising for CSOs to become Executing Entities who partner with IEs. Implementing Entities can be attracted either to develop projects jointly with the CSO as their Executing Partner or to embark on already designed CSO projects and suggest them to the GCF for funding, backed by the NDA. The success of such a strategy is dependent on many factors, and some of them are country-specific. Thus, whether to better partner with an NIE or IIE is dependent on specific circumstances. Generally, it can be said that projects proposed by CSOs, to be successful, should be of high quality, reflect very well the USP of the applicant, and match the priorities of the IE and the NDA, as well as the main GCF selection criteria.

Recommendation

Networks like CIDSE should consider setting up a specific technical and financial programme to support partners in the Global South to design transformative, climate ambitious projects with clear co-benefits for the sustainable development of vulnerable communities for submission to the GCF or other climate funds.

CONCLUSIONS AND RECOMMENDATIONS

Our two-pronged GCF policy analysis and case-based analysis revealed that the barriers for CSOs to access GCF-funds are systemic, massive and evident in praxis. Addressing, reducing and overcoming these barriers will be essential to fulfil the Fund's mission of transformative change-making if we agree with the premise *"that the involvement of non-state actors in delivering the Paris Agreement commitments and the United Nations 2030 Agenda for Sustainable Development is paramount for achieving both adaptation and mitigation efforts to limit the rise in global temperature to 1.5°C above pre-industrial levels, and achieve a just recovery and transition,"* to quote again the Terms of Reference of this study.

Unjustified barriers to CSO accreditation, limited direct access, complicated project approval processes, lack of local rootedness, weak national consultation processes and lack of all-of-society country ownership are major concerns, leading to a wide gap between what the Fund pretends to become and what it currently is. There is a need for reform and CSOs can contribute to that – not only as watchdog observers from outside but also as active project partners from inside, following the approach to lead by example. This could help to create a stimulus and momentum for more truly transformative projects, combining high climate ambition, SDG co-benefits, gender sensitivity and a strong focus on engaging vulnerable communities in climate action.

CSOs have the potential to make a real difference. The following conclusions can provide an analytical base. They summarise the main findings from both GCF policy analysis and case studies reflecting the lessons learned from practical CSO experience on engagement with the GCF. They are picked from the chapters of this report, but presented in a condensed form, grouped according to the three main research issues of this study. Conclusions are complemented with concrete recommendations for how to address the findings and move forward – aiming at enhancing CSO and CBO access to climate finance provided by the GCF.

CSO PARTICIPATION

Lobbying the GCF for a more enabling framework to the benefit of CSOs and vulnerable people

➔ GCF Board meetings: Lessons learned from policy analysis and CSO experiences

CSOs are a well-represented observer group of GCF Board meetings. In their advocacy work, they focus mainly on issues that are top agenda items in GCF Board meetings, such as enhanced direct access, simplified approval, better balance support of adaptation and mitigation action, and higher transformative ambition. The political agenda of CSOs is quite similar to the agenda of progressive forces in the GCF. Lobbying on their own behalf, in contrast, for enhanced access to climate finance for CSOs, for instance, is not yet a CSO lobby priority. Also, for this reason, legitimate CSO concerns regarding the very high barriers for accreditation and access to GCF climate finance remain unaddressed in the Updated Strategic Plan for the GCF 2020-23, adopted in November 2020. A powerful CSO advocacy strategy to remove these barriers has not yet become visible, leading to the question of whether this issue deserves reconsideration, particularly given the high expectations and demand for climate finance articulated by many CSOs in the Global South.

Recommendation 1
CSO networks with close ties in the Global North and many partnerships in the Global South should facilitate a strategic dialogue between CSOs on the question of what to expect from the GCF in terms of providing climate finance for CSOs. Building on the outcome of such a dialogue, CSOs could lobby the GCF to take a more nuanced approach towards CSOs, including as project implementing partners, and not only as observers. This could include, without being policy prescriptive, advocacy initiatives for funding windows specifically for CSOs, e.g., a Small Grant Facility, taking the Private Sector Facility as a precedent.

Building enhanced awareness among CSOs about the GCF and its capacities, in order to strengthen CSO participation and input to the GCF, especially in GCF Board meetings, is crucial. Building capacity among CSOs should focus on strengthening stakeholders' understanding of GCF modalities to demystify the Fund with regard to both its opportunities and its limitations.

Recommendation 2
CSOs should provide capacity-building support on GCF modalities with a particular priority for partner organisations in the Global South. This is a prerequisite for CSOs to better access GCF decision-makers and to influence the GCF strategic planning and programming process (referring to the overall objective of this study).

➔ GCF country programmes: Lessons learned from policy analysis and CSO experiences

Strong CSO participation contributes to making GCF country programmes more ambitious and more focused on vulnerability. CSO engagement reflects an all-of-society approach in transformative climate action, as called for by the GCF. Whether this approach is followed is largely dependent on the political will of national governments and NDAs. If the GCF takes its mandate seriously, it should constantly address concerns with regard to GCF country programming, for instance, weak national consultation processes, lack of country ownership, low ambition and a lack of transformative character.

Recommendation 3
CSOs should include the call for strong CSO participation in GCF country programming to the list of key policy demands for lobbying the GCF. They should encourage and enable the engagement of their partners in the Global South in GCF country programming as part of their national-level advocacy activities. The participation of CSOs and CBOs in the development of GCF country programmes aimed at anchoring their priorities and the legitimate interests of vulnerable people should be seen as a possible enabler for setting up an ambitious project pipeline, and thus for providing access for CSOs to GCF climate finance.

➔ GCF Readiness & NAP support: Lessons learned from policy analysis and CSO experiences

GCF readiness and support programmes, as well as the GCF support for NAP processes and other national adaptation planning and strategizing processes, offer entry points for national CSOs and even local CBOs in the Global South to become engaged in and to better understand the GCF and its transformative agenda. However, there is often a huge mismatch between high CSO expectations of the GCF and what the Fund is able to deliver for CSOs, due to the high barriers we discussed. Bridging this gap should become a priority, in order to avoid frustration and discouragement.

Recommendation 4
International CSO networks should join capacity-building efforts among CSOs on climate finance in general and the GCF in particular. This could include supporting local partners to take part in national GCF consultations in the context of country programming, to join GCF readiness programmes, and, very importantly, to engage in GCF-supported NAP processes with a view to creating country ownership and more ambitious climate policies, actions and GCF-funded projects. It is also recommended to advocate for the GCF to revise its communication strategy, with a view to accurately responding to CSO expectations on options to receive GCF support for their climate actions.

CSO ACCREDITATION

Becoming a GCF project Implementing Entity

➔ Lessons learned from policy analysis and CSO experiences

There are clear indications that CSOs have not been considered by the GCF as the type of project implementer to be accredited as a prime partner, as was the case with international organisations and private sector entities. CSOs, especially local CSOs from developing countries, are disproportionately disadvantaged in the accreditation process. This is well reflected by the fact that by the end of 2020, only six CSOs had been accredited, including only two entities accredited on the direct access track, one regional (Central America) and one national (Nepal). This is not only due to the fact that the GCF accreditation process is very complicated for CSOs for formal requirements. The costs to applicants of successfully completing the accreditation process also form a very effective barrier to accreditation, at least for smaller national NGOs, and the GCF Secretariat is a bottleneck with seemingly little experience of dealing with CSOs. These difficulties need to be addressed by the Fund.

However, even in a more enabling framework, CSOs need to ensure they take a well-informed decision whether or not to go for accreditation. Such a decision may not be based only on a financial cost-benefit analysis, but might also reflect a CSO's unique selling point that could strategically complement the sample of AEs in such a way that it serves both the long-term transformational goals of the GCF and the short-term needs of particular beneficiaries of the Fund, which may otherwise remain overlooked. Accreditation of CSOs with a strong focus on vulnerable groups could fill a gap, as most AEs have no focus on vulnerable groups, and should clearly be encouraged.

Recommendation 5
It is recommended that interested CSOs take an informed and strategic decision before entering the IE accreditation process. The decision making should include at least three steps:

1. **Discuss the motivation and expectations to become an AE; reflect also on the possible benefits of becoming an AE for your partners and beneficiaries in the Global South;**
2. **Assess your capacities and carry out a gap analysis in view of GCF expectations and accreditation criteria. Use the self-assessment tool provided by GCF[56] as one instrument for this capacity and gap analysis;**
3. **Undertake a long-term (10 years) cost-benefit analysis, incorporating cost estimations for accreditation, acting as an AE, developing projects and ensuring re-accreditation.**

[56] https://www.greenclimate.fund/accreditation/self-assessment.

Enabling CSOs to better access GCF climate finance

➔ Lessons learned from policy analysis and CSO experiences

CSO access to GCF climate finance is impaired by political, technical and financial factors. First of all, as a result of the GCF's country drivenness and no-objection approaches, CSOs depend on the full support of their national government to apply for funding for a project in their country. This requires a level of trust between CSOs and the government, which is not a given in many developing countries. Second, the technical requirements, time horizons and costs of the application process complicate access to GCF finance drastically, especially for smaller applicants, as most CSOs are, and the simplified approval process has not yet reduced these difficulties adequately. Third, the lack of clarity with regard to expected co-financing, as well as the assumed preference of the GCF to provide concessional loans instead of grants, combined with a great leverage effect on private finance, disproportionately affects CSOs because of their limited financial resources.

On the other hand, there are some enabling factors. CSOs are often attributed with a special competence on gender issues and indigenous people's concerns in project design and implementation. They can use this as an advantageous unique selling point for accessing GCF funding.

Due to the high barriers to accreditation as Implementing Entity, it might be more promising for CSOs to become Executing Entities who partner with IEs. Implementing Entities can be attracted to either developing projects jointly with the CSO as their Executing partner or embarking on already designed CSO projects and putting them forward to the GCF for funding, backed by the NDA. The success of such a strategy is dependent on many factors, and some of which are country-specific. Thus, whether it is a better to partner with an NIE or IIE is dependent on the specific circumstances. Generally, it can be said that projects proposed by CSOs, to be successful, should be of high quality, reflect the USP of the applicant very well, and match priorities of the IE, the NDA, and main GCF selection criteria.

Recommendation 6
CSOs should consider setting up a specific technical and financial programme to support partners in the Global South to design transformative climate-ambitious projects with clear co-benefits for the sustainable development of vulnerable communities for submission to the GCF or other climate funds.

BIBLIOGRAPHY

Acclimatise, 2020. Green Climate Fund Proposal Toolkit 2020. Link: http://www.acclimatise.uk.com/wp-content/uploads/2020/06/GCF-Funding-Proposal-Toolkit-2020.pdf

Bhattacharya, A./Calland, R. et al, 2020. Delivering on the $100 billion climate finance commitment and transforming climate finance. Link: https://www.un.org/sites/un2.un.org/files/100_billion_climate_finance_report.pdf

CIDSE, 2018. The Climate Urgency. Setting Sails for a New Paradigm. Link: https://www.cidse.org/wp-content/uploads/2018/09/CIDSE-The_Climate_Urgency_Sept_2018_1.pdf

CIDSE, 2020. Terms of Reference for Case Studies: CIDSE partners' prospects to implement projects with the support of the Green Climate Fund. Brussels.

CIDSE, 2020. Climate finance advocacy strategy – Assessment of options. Brussels.

Green Climate Fund, n.d. Rules of Procedure of the Board. Link: https://www.greenclimate.fund/sites/default/files/document/rules-procedure.pdf

Green Climate Fund, n.d. Guidelines relating to the Observer participation, accreditation of Observer organisations and participation of active Observers. Link: https://www.greenclimate.fund/sites/default/files/document/guidelines-observer-participation-accreditation.pdf

Green Climate Fund, n.d. Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund. Link: https://www.greenclimate.fund/sites/default/files/document/policy-ethics-coi-observers.pdf

Green Climate Fund, n.d. Legal and formal arrangements with accredited entities. Link: https://www.greenclimate.fund/sites/default/files/document/legal-arrangements-ae.pdf

Green Climate Fund, n.d. Monitoring and accountability framework for accredited entities. Link: https://www.greenclimate.fund/sites/default/files/document/monitoring-accountability-framework-ae.pdf

Green Climate Fund, n.d. Initial general guidelines for country programmes. Link: https://www.greenclimate.fund/sites/default/files/document/guidelines-country-programmes.pdf

Green Climate Fund, n.d. Initial no-objection procedure. Link: https://www.greenclimate.fund/sites/default/files/document/no-objection-procedure.pdf

Green Climate Fund, n.d. Guidelines for enhanced country ownership and country drivenness. Link: https://www.greenclimate.fund/sites/default/files/document/guidelines-enhanced-country-ownership-country-drivenness.pdf

Green Climate Fund, n.d. Simplified approval process pilot scheme. Link: https://www.greenclimate.fund/sites/default/files/document/sap-pilot-scheme.pdf

Green Climate Fund, n.d. Financial terms and conditions of grants and concessional loans. Link: https://www.greenclimate.fund/sites/default/files/document/financial-terms-conditions-grants-loans.pdf

Green Climate Fund, n.d. Indigenous Peoples Policy. Link: https://www.greenclimate.fund/sites/default/files/document/ip-policy.pdf

Green Climate Fund, n.d. Environmental and Social Policy. Link: https://www.greenclimate.fund/sites/default/files/document/environment-social-policy.pdf

Green Climate Fund, n.d.

Green Climate Fund, 2011. Governing Instrument. Link: https://www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf

Green Climate Fund, 2014. Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities. Link: https://www.greenclimate.fund/sites/default/files/document/gcf-b07-02.pdf

Green Climate Fund, 2014. Policies on fees for Accreditation. Link: https://www.greenclimate.fund/sites/default/files/document/gcf-b08-04.pdf

Green Climate Fund, 2014. Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach. Link: https://www.greenclimate.fund/sites/default/files/document/gcf-b08-02.pdf

Green Climate Fund, 2018. Country programme. People's Republic of Bangladesh. Link: https://www.greenclimate.fund/sites/default/files/document/bangladesh-country-programme.pdf

Green Climate Fund, 2019. Gender Policy. Link: https://www.greenclimate.fund/document/gender-policy

Green Climate Fund, 2019. Updated Gender Policy and Gender Action Plan 2020-2023. Link: https://www.greenclimate.fund/sites/default/files/document/gcf-b24-15.pdf

Green Climate Fund, 2020. The Strategic Plan for the GCF: 2020-2023. Link: https://www.greenclimate.fund/sites/default/files/document/gcf-b24-inf01.pdf

Green Climate Fund, 2019. Policy in Co-financing. Link: https://www.greenclimate.fund/sites/default/files/document/policy-cofinancing.pdf

Green Climate Fund, 2020. GCF Programming Manual. Link: https://www.greenclimate.fund/sites/default/files/document/gcf-programming-manual.pdf

Green Climate Fund, 2020. Policy on programmatic approaches. Link: https://www.greenclimate.fund/sites/default/files/document/gcf-b25-08.pdf

Heinrich Böll Stiftung North America, n.d. Official website, The climate finance architecture. Link: https://climatefundsupdate.org/about-climate-finance/global-climate-finance-architecture/

Hirsch, T., 2018. A Resource Guide to Climate Finance. Link: https://reliefweb.int/sites/reliefweb.int/files/resources/ENGLISH-quick-guide-climate-finance.pdf

Lottje, C./Weischer, L./Eckstein, D. et al, 2019. Engaging with the Green Climate Fund. A civil society toolkit. Link: https://germanwatch.org/sites/germanwatch.org/files/Toolkit_Engaging%20with%20the%20Green%20Climate%20Fund.pdf

CIDSE

together for global justice
ensemble pour un monde de justice
juntos en pro de la justicia global

CIDSE members

Austria	Belgium	Belgium
Canada	England and Wales	France
Germany	Ireland	Italy
Luxembourg	the Netherlands	the Netherlands
Portugal	Scotland	Slovakia
Spain	Switzerland	USA

Contact:
CIDSE – Rue Stévin 16 – B-1000 Brussels
T: +32 2 230 77 22 – postmaster@cidse.org – www.cidse.org