

Inputs on the review of the initial proposal approval process

In Songdo in March, the Green Climate Fund (GCF) Board took note of document GCF/B.12/Inf.05 titled “Review of the initial proposal approval process (progress report)” and with decision B.12/22 invited “submissions, no later than 10 April 2016, from Board and alternate members, observers, accredited entities, NDAs/FP, and delivery partners, in relation to the review and in accordance with decision B.11/11 paragraph (j), as well as paragraphs (c) and (d).”

This joint submission by a group of CSO observer organizations actively engaged in the GCF¹ is in response to this invitation by GCF Board.

Elements for review	Comments/inputs
a. Strengthening and scaling up the GCF pipeline, including the country programme pipeline	<p>Strengthening the pipeline: In order to ramp up ambition on climate action before 2020, to give full effect to the principle of country ownership and to fully implement the Paris Agreement post-2020, the GCF should seek to scale up its pipeline by supporting initiatives that countries have prioritized in comprehensive national climate strategies including NAMAs, NAPAs and NAPs and in their nationally determined contributions (NDCs). Converting these national strategies for pre-2020 and post-2020 ambitious climate actions into fundable projects should be encouraged and supported, for example via readiness technical and financial support.</p> <p>In support of Paris Agreement implementation, the GCF should especially help countries to implement those “paradigm shifting” policies and actions in their NDCs that:</p> <ol style="list-style-type: none"> 1. Countries have said will require international support; and 2. Will help countries enhance or exceed their initial NDCs, so as to meet the Paris goals of (1) narrowing the existing mitigation gap, (2) preparing the way for countries to put forward more ambitious NDCs in the next rounds, and (3) peaking emissions as soon as possible and achieving balance between anthropogenic sources and sinks of GHGs in the second half of the century. <p>Clearer approval requirements for programmatic approaches (such as enhanced direct access, EDA) would help scale up the overall GCF’s portfolio pipeline. This should include guidelines for determining what qualifies as a program and the level of specificity needed for sub-projects at the time the proposal is submitted. These guidelines with respect to sub-projects should be “fit for purpose”, i.e. differentiated based on funding amounts and risk-categorization of the component projects. For example, a national small grants program proposed under EDA, would not need to provide specificity on individual small grants (for which decision-making would be devolved to the accredited entity with the</p>

¹ CSO accredited observer organization that contributed to this joint CSO submission: **Aksi! for Gender, Social and Ecological Justice; Asian Peoples Movement on Debt and Development (APMDD); The Development Institute; Freedom from Debt Coalition; Friends of the Earth US; Germanwatch; Heinrich Böll Stiftung North America; Institute for Policy Studies; Interamerican Association for Environmental Defense (AIDA); Pan African Climate Justice Alliance (PACJA); Philippine Movement for Climate Justice; and Sierra Club.**

		<p>NDA/FP providing oversight), while a co-funded program amongst several MDBs combining several individual larger projects with risk categories A or B would be required to provide substantially more project details. Indeed, depending on the level of risk, the latter scenario could require individual project approval by the Board.</p> <p>It is important to clarify that scale in this context is not synonymous with requested funding amounts, but refers to the importance and relevance of proposed projects and programs to contribute to a paradigmatic change within the recipient countries – something that in many cases might be better achieved with wide-spread replication of community-focused concrete actions or policy approaches than some high-cost large projects (this is also relevant for the sustainability of funded interventions).</p> <p>In many countries, a stronger, more ambitious, and more politically resilient pipeline of proposals could be developed through comprehensive country coordination efforts. Each NDA should create a country coordinating mechanism (CCM) to formally bring together different sectors and population groups – civil society organizations, local communities, Indigenous Peoples, women, local governments, local private sector, etc. – to identify priority proposals. We recommend that the establishment of such a CCM by each NDA be required as a basic function, or at least strongly encouraged as best practice. This would help ensure that “country ownership” goes beyond ownership by national governments (or even ownership by a specific ministry in a national government). The CCMs of the Global Fund to Fight AIDS, TB and Malaria could provide a possible model. A toolkit on best-practice country coordination experiences, to help NDAs/FPs beyond the broad guidelines established by the Board under country ownership, would be helpful in this regard.</p>
b .	Streamlining and improving the transparency of the proposal approval process	<p>Transparency: Project and program proposals should be made available on the GCF’s website at the latest at the time they are submitted to the independent Technical Advisory Panel (ITAP), to allow for public input/comments, especially also from project-affected peoples or communities, to inform the ITAP’s assessment.</p> <p>Because sub-projects may not be fully assessed or even identified at the time of Board consideration, accredited entities should be required to make these assessments publicly available before they make the decision to go forward with individual sub-projects.</p> <p>In all cases – for projects, programs, and sub-projects – there should be an established, easily accessible process by which the public can provide input to the ITAP. Proposals should be posted online for public comment for at least 30 days - 60 days for higher risk projects - prior to the ITAP assessment. This period might overlap with the environmental impact assessment disclosure period, where appropriate.</p> <p>The Board should clarify that the public disclosure period for environmental and social impact assessments (ESIA) requires the placement of the ESIA on the GCF’s own website at least 120 days prior to Board consideration for category A projects (and at least 30 days before in the case of category B), in an easily accessible location on the website.</p>

		In addition to the ITAP assessment reports that will be made public as part of the project documentation on the GCF website (Decision B.11/11 (h)) the GCF Secretariat due diligence reports should be also made public on the GCF website.
c.	Defining further decision-making options, including deferral of proposal approvals	<p>Deferral: The Board should be explicitly authorized to defer a decision, if further information or due diligence is necessary for it to reach an informed decision. For example, missing information on sub-projects may be a particular reason for deferral, as might concerns from potentially affected people who were not consulted, especially in the absence of an elaborated GCF Indigenous People policy on issues related to Free Prior and Informed Consent (FPIC). The Board should then defer a decision in cases where potentially affected peoples and local communities have registered a strong objection with the Board, including via the CSO active observers until further due diligence is conducted and the legitimacy for such an objection verified.</p> <p>Conditional Approval: Where the Board grants conditional approval based on projects/programs' modifications, the Board should condition final approval on confirmation that the modifications have been implemented within a reasonable time-limit. In cases where approval is subject to availability of funding, the Board should develop clear guidelines clarifying how such conditionally approved projects are prioritized for funding once the GCF's commitment authority is reestablished.</p> <p>Programmes: The decision-making procedure for programmatic funding in cases where the exact scope of sub-projects/investments is not clear at the time of approval should also be further clarified – in particular, to ensure that stakeholder consultations take place in advance of new investments (as they would for individual projects). Financing for sub-projects (and significant new investments) not explicitly identified at the time of project approval should be subject to a process of Board approval in the case of Category A and B proposals (i.e. in these cases, only an "allocation" might be initially made, pending a further Board decision).</p>
d.	Reviewing how concept notes should work within the project cycle, facilitating the feedback of the TAP on concept notes and facilitating contact of the TAP with accredited entities as useful and necessary	<p>Concept notes from direct access entities should be prioritized for feedback from the ITAP (in addition to the feedback they are already receiving from the Secretariat).</p> <p>The ITAP should be empowered (through sufficient resources) to engage with accredited entities not just at the concept stage but after full proposal submission. It should also be able to assess whether the proposed activity is consistent with the assigned risk category (in addition to such assessments already being provided by the Secretariat).</p>
e.	Supporting the Board to make decisions regarding funding proposals	Screening: The Secretariat should have discretion to not forward proposals to the Board, where the Secretariat determines that the project <u>clearly</u> does not meet the Fund's eligibility or selection criteria. Such discretion would allow the Board to focus on the most worthy projects and spare project sponsors the consequences of a public rejection by the Board. To protect the interests of the project sponsor, the Secretariat's determination should be subject to review by the IRM.

f.	<p>Strengthening project/programme eligibility criteria, including categories of incremental cost eligible for funding</p>	<p>Additionality: The Board should strengthen and clarify its approach to additionality, to better ensure that it does not fund projects that would otherwise be funded by the private sector or other IFIs. The GCF should apply a “but for” causality test by asking whether the project/proposal would go forward without GCF support.</p> <p>Additionality should also be considered in the broader sense of operational and institutional improvements that are the result of GCF involvement. Will there been improvements in social and environmental standards, gender responsiveness, corporate governance and measurable portfolio shifts towards sustainability, or institutional management as a result of GCF involvement?</p> <p>Additionality may be particularly difficult to determine where the accredited entity is an IFI. In that case, it may be difficult to determine whether GCF is catalyzing additional action, or simply reducing the exposure of the accredited entity’s own financing. The Board should develop guidelines to address this scenario and avoid subsidizing IFI lending.</p> <p>Incremental Costs: The Board should adopt guidelines to ensure that the GCF provides the “least concessionality needed to make the proposal viable,” and does not end up providing rents to the project sponsor. Accordingly:</p> <ol style="list-style-type: none"> 1. Incremental costs should not be inflated by regressive policies, such as fossil fuel subsidies. Where high GHG and climate vulnerable alternatives are supported by subsidies, the GCF should prioritize policy interventions to remove those subsidies, rather than trying to overcome them with excessive incremental cost financing, 2. The Board should foster competition between proposals to minimize incremental costs, and to raise the quality of funded projects. This could include: (1) Considering proposals based on RFPs, rather than on a rolling basis, and identifying winners by determining which projects best meet specified evaluation criteria; (2) Using reverse auctions for results based payments for certain areas of mitigation, as in feed-in tariffs; and (3) piloting competitive “prizes”, in which a cash grant is paid to the first organization or company that develops a product, or delivers a service that meets the specified criteria. <p>The Board should also develop guidelines, in line with the Governing Instrument para. 35, that set out the circumstances in which the GCF will provide full-cost financing. Likewise, the project proposal template must be revised to clarify that the provision of co-financing is not an eligibility criterion for project proposals to be considered.</p> <p>There should be a discrete requirement – i.e. an eligibility criterion – that the accredited entity, in concert with the NDA/FP, can demonstrate through detailed documentation that it has conducted meaningful consultation with stakeholders, according to international best practice. This must not be a “tick-the-box” exercise.</p>
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g.	<p>Developing interim procedures for redress pending the recruitment of the head of the independent redress mechanism</p>	<p>Interim Procedures: Instead of focusing on Interim procedures for the independent redress mechanism, the goal should be to select the head of the IRM speedily and give him/her the resources and Board support needed to get the GCF's own system up and running as quickly as possible at a time when the GCF is also developing its own environmental and social safeguards distinct from the IFC Performance Standards. A corollary is to ensure that potentially GCF project/program-affected peoples and communities are consulted following FPIC guidelines at the earliest stage of project/program conceptualization and proposal development to avoid any harm from occurring in the first place.</p>
	<p>Any other comments/inputs in relation to the policy gaps listed in decision B.11/11, paragraph (c), including:</p> <ul style="list-style-type: none"> • Project eligibility criteria • Calculation of incremental costs • Risk investment criteria; <p>and other common areas in which projects could provide a better demonstration of how they meet existing GCF policies as contained in paragraph (d), including, but not limited to:</p> <p>(i) The linkage between climate actions and how they enable economic development to proceed in a sustainable manner;</p> <p>(ii) How the project/programme incorporates potential innovation;</p> <p>(iii) How benefits will be sustained once GCF financing ends;</p> <p>(iv) Monitoring and evaluation, including how lessons can be disseminated to inform and possibly promote replication in other regions/countries;</p> <p>(v) How benefits for women and girls will be delivered;</p> <p>(vi) How fiduciary weaknesses in project countries will be addressed;</p> <p>(vii) Country ownership and effective stakeholder engagement; and</p> <p>(viii) Additionality of the funding;</p>	<p>How benefits will be sustained once GCF financing ends: GCF financing benefits will then be most sustained if the GCF projects/programs empowers national and local actors in government, communities, civil society and the private sector and provides them with concrete benefits and ownership over the intervention. Thus, for example for implementing entities and executing entities a subsidiarity approach should be applied favoring implementation and execution of GCF projects as with as national and local entities as possible.</p> <p>Monitoring and evaluation, including how lessons can be disseminated to inform and possibly promote replication in other regions/countries: It is important to pro-actively involve project/program-affected people and communities in the M&A of GCF projects and programs. The Board has already recognized the principle of participatory monitoring as an important part of the Initial Monitoring and Accountability Framework. Guidelines and best-practice toolkits for the further elaboration of this approach should be developed. The inclusion of participatory monitoring approaches in project/program proposals should also be considered an important eligibility criterion. Participatory monitoring provides concrete feedback on what works and does not work for beneficiaries in GCF project/program approaches and can be used to apply lessons from best practices while avoiding worst practices in replication. The Board should regularly review and discuss experiences gained from participatory monitoring. In order to enhance project information dissemination and replicability of projects/programs, the inclusion of regional experience sharing forum should be incorporated the proposals as part of the criteria.</p> <p>How benefits for women and girls will be delivered: The delivery of benefits for women and girls from GCF funded projects and programs can be best assured when the voices and needs of women and girls as important stakeholders are reflected throughout the GCF project/program approval cycle. This starts with the inclusion of women's and feminist groups from civil society and a country's women's machinery into a country coordination mechanism (CCM) for the development of country programs, by focusing on designating women and girls specifically as project/program beneficiaries (with commensurate budget allocation), and by involving women's groups in participatory monitoring or investing in them as project executing entities. The inclusion of gender experts into IE project/program teams and in technical advisory bodies (such as the ITAP) is also crucial. Project/program developers must develop interventions that integrate gender-responsiveness throughout, and not just as a</p>

		<p>narrow segmented aspect to check a box.</p> <p>Country ownership and effective stakeholder engagement: There is no clarity in the current proposal approval process about when project-affected communities will be informed about the (planned) project. There should be a presumption to disclose information about a project at the earliest possibility, i.e. already at the pre-concept stage during initial project exploration and concept development.</p> <p>Stakeholder consultation is different from a consultation with affected peoples' or communities and should be held separately. For a project/program design to go forward, the consent of affected communities and people in line with the principles of FPIC should be assured via their "no-objection-statement".</p> <p>The NDAs/FPs should consult with project affected communities to seek their views before they issue a "letter of no objection" to any entity seeking NDA/FP endorsement for submitting a project/program proposal to the GCF for funding. This will enhance ownership of such projects/programs in the communities where they are to be implemented and guarantee the project/program success and sustainability.</p>
	Any other general comments/inputs	