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To initiate debates on international climate policy

A case for Jumping the Queue!

Why national entities submitting an EDA pilot proposal should be prioritized in the GCF Accreditation Strategy

Following the Green Climate Fund (GCF) Board meeting in Barbados (October 2014), I argued that the GCF was in **desperate need of a strategy** and proposed **a simple strategy** for accrediting direct access entities based on the following two elements:

- ***A time limit of five years*** on accreditations (for all entities), with the possibility of renewal, depending on re-nomination by the recipient country and GCF Board approval.
- ***A limit on the number of entities*** that can access the GCF directly to one or two per recipient country.

In July 2015, the Board decided that the accreditation of an entity to the Fund is valid for a ***fixed term of maximum five years*** and that re-accreditation will be decided by the Board.[1] It also requested the Accreditation Committee to ***work on a strategy on accreditation*** for consideration by the Board at its eleventh meeting (November 2015), examining efficiency, fairness and transparency of the accreditation process, and the extent to which current and future accredited entities will enable the Fund to fulfil its mandate.[2]

The first of these decisions will allow the Board to periodically review existing accreditations in light of this strategy. The key questions now are what should be the objectives of such a strategy and how could they be achieved, in particular given the current state of accreditations?

What strategic objectives?

I believe that for reasons of efficiency and fairness, the strategy will need to pursue two strategic objectives, namely:

1. achieving a fair balance between international and direct access entities, and
2. ensuring that the GFC is not suffocated by overwhelming numbers of accredited entities.

What Fair Balance?

According to the GCF website, there are currently (as of 22 July 2015) 20 accredited entities: 11 international, 4 regional and 5 national. With respect to a head-count, it could be argued the current accreditations are balanced (55% international, 45% direct access). But is this really the right measure as concerns having a fair share in GCF access?

I do not think it is. There are other, more important, parameters to be taken into account. For one, there is the balance of the distributions within size categories.[3] In this respect, the currently accredited entities are by no means evenly distributed – 100% of the medium, and 80% of the large accredited entities are international. Most of the funding is likely to flow through international entities if this remains the case. A simple quantitative index, based on the definitions of the different size categories,[4] estimates that 80% of the current disbursement potential lies with international entities.

Another factor that needs to be taken into account when judging the balance of accreditations is the distribution of capabilities (fiduciary standards). In that respect, international access also clearly dominates both with respect to grant giving and on-lending entities, regardless of whether measured in terms of numbers or funding potential.

These imbalances of the status quo will need to be addressed. This means, in particular, that the strategy will have to take all these parameters into account, and not merely the overall numerical distribution of the entities.

How to re-balance?

Imposing a strategic limit on the number of direct access entities per country (two to three, as suggested above) – with a concomitant cap on international entities (preferably in terms of aggregate disbursement potential) – is likely to have the longer term effect of countries choosing entities at the larger end of their spectrum, which can genuinely serve as 'national' implementing entities.

In the short-term, one way of redressing the existing imbalances is to ***prioritize the accreditation of nation-wide direct access entities*** by letting them jump the queue. [5] There are currently over 80 entities in the accreditation queue. At the present rate of accreditation, this means that, under a strict first-come-first-served system, any new applicant will have to queue for over two years until they are even considered for accreditation.

I think this will be particularly unhelpful in the context of the Enhanced Direct Access (EDA) Pilot Phase, as it will essentially disqualify any entity that has not already applied for accreditation from participating in the Pilot Phase. Granting ***top priority accreditation to nation-wide entities submitting an EDA pilot proposal,*** would thus have the added benefit of incentivizing participation in the EDA Pilot, which after all, is a signature access modality of the Fund.

Notes:

[1] Decision B.10/07, (b), (c).

[2] Decision B.10/06, (r).

[3] GCF size categories are defined in terms of the maximum total projected costs for an individual project or an activity within a programme:

Micro: up to $10 m; Small: up to $50 m; Medium: up to $250 m; Large: more than $250 m.

[4] Using the fact that the size categories are defined by a multiplication by 5, the entities are assigned the following disbursement potential indicators: 10 (Micro); 50 (Small); 250 (Medium); 1250 (Large).

[5] N.B. 'priority accreditation' is not the same as 'fast track accreditation'! The latter involved a simplified procedure; the former is merely jumping at the head of the queue.

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