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GCF Direct Access Accreditation: A Simple Strategy

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My last OCP blog highlighted the institutional complexity and chaos that is likely to result from the accreditation procedures recently adopted by the Green Climate Fund (GCF) for implementing entities or intermediaries. This blog proposes a relatively straightforward remedial strategy, at least for the access modality known as "direct access."

According to paragraph 47 of the GCF Governing Instrument, regional, national and sub-national implementing entities or intermediaries are eligible to access GCF funds directly, provided they are ***nominated*** by recipient countries. This authority to nominate gives recipient countries the option to limit free-for-all (direct access) accreditations. Satisfying the Fund's initial fiduciary standards and principles thus does not constitute an entitlement for (direct access) accreditation – the existing procedures already admit (strategic) reasons for denying accreditation, even if all the technical requirements are fulfilled.

The idea of "direct access" was developed with the Adaptation Fund (AF), the best practice benchmark for this access modality. Indeed, the GCF Governing Instrument requirement for recipient country nomination of direct access entities was itself based on the AF requirement for countries to nominate "National Implementing Entities"[1], one each per county.[2]

The GCF would be well advised to follow this practice by limiting the number of direct access entities to one, or at most two, per recipient country. This would not only keep the access regime administratively manageable for the GCF, but also facilitate in-country coherence of climate finance and alignment with country priorities and strategies.

There is one other very important issue that an accreditation strategy for the GCF would have to address in this context: the right of countries and the GCF Board to reject or withdraw accreditations for strategic reasons, particularly if there can only be one or two national entities at a time.

How could this be achieved without creating too much uncertainty for the accredited entities? The answer, I believe, can again be found in the Operational Rules and Guidelines of the AF, in particular

Rule 37 which stipulates that: "accreditation will be ***valid for a period of 5 years with the possibility of renewal***." Such a time limit gives the Board (and the recipient country, if re-nomination is required) the discretion not to renew accreditations – not only for non-performing entities, but also for strategically unsuitable ones.

The GCF Board has already decided that the accreditations are to be reviewed every five years, to check whether the accredited entities and their activities "*are in compliance with the terms of its accreditation, and if any events have occurred that may lead to a suspension, downgrading or withdrawal of accreditation*." It is thus possible to change the accreditation status of an entity under the current GCF accreditation rules, but only in reaction to a performance failure of the entity in question. If performance is adequate, then accreditation cannot be withdrawn. Strategic considerations, whether by the Board or the recipient country, do not feature in this process of potential reclassification.

Following the AF practice, I would therefore suggest a two-pronged accreditation strategy for direct access to the GCF (to be introduced as part of a focused review *of specific en*