



## European Capacity Building Initiative ecbi

### GCF CAUCUS MEETING, 6 OCTOBER 2013

On the eve of the fifth meeting of the Green Climate Fund Board in Paris, the ecbi organised an informal discussion meeting for Board members and advisers interested in the topics of resource allocation and Enhanced Direct Access through National Funding Entities. There were participants from Brazil, France, Guinea-Bissau, India, Norway, Pakistan, Switzerland, and UK.

Benito Müller started the discussion with a presentation looking at the Allocation background paper prepared by the GCF secretariat. He pointed out that the definition of “resource allocation” used was wider than how the term is traditionally used in the context by covering not only the areas of allocating funding to countries or thematic areas but also allocating funding to projects and programmes. He suggested that this may have been the reason why equity was missing among the allocation principles put forward in the paper, as it does not really apply to the allocation of resources to projects and programmes. But, he insisted, it is absolutely key in the context to allocating resources to countries. A country Resource Allocation System, in order to be acceptable and to generate trust in the working of the GCF needs to be fair, and indeed to be seen to be fair by all the eligible countries.

He concluded the presentation with the suggestion that due to the highly political and technical nature of (country) resource allocation, the future development of the issue should be handed to an expert panel composed of Board members/alternates as well as independent experts.

The second presentation of the evening was given by Luis Gomez-Echeverri in his capacity as facilitator of the ecbi Finance Circle. His presentation focused on direct access, the role of national funding entities, and country ownership, issues which the Board had decided to take up at its first meeting of 2014. He pointed out that many documents, including the Governing Instrument and Board Decisions give these three issues a high priority. However, there is still neither a consensus on the modalities to enhance direct access nor on how to advance country ownership. He argued that the most effective way to ensure country ownership was through devolution of decision-making to the countries on funding decisions and management of funds. And for this, there is a great need to build capacities at the national level. But many countries have decided to set up national funding entities to tap resources from the Green Climate Fund and other climate change finance. These institutions play a key role in identifying needs and priorities and in ensuring that the funded projects and programs are fully mainstreamed into national development strategies. He also spoke about the great proliferation of funds that are creating great burden to developing countries and causing fragmentation of action. National funding entities could play a key role in helping harmonize these existing funds into more coherent climate change action and promote synergies and complementarities. He ended his presentation by listing a sample of national funding entities that have been created in recent years to harmonize and mainstream climate change financing in their countries. One example – the Indonesian Climate Change Trust – was presented in detail to highlight its role in capturing funds, both international and national, making decisions on what is to be funded, and mainstreaming the activities so that they can support the national development strategies of the country.

Similarly to the case on allocation, it was also suggested that this is topic that requires more detailed discussion and examination by a dedicated group of Board members and external experts..