

GIZ engagement with the Green Climate Fund (GCF)





GREEN
CLIMATE
FUND

I) The Green Climate Fund

Green Climate Fund (GCF)

An operating entity of the financial mechanism of the UNFCCC



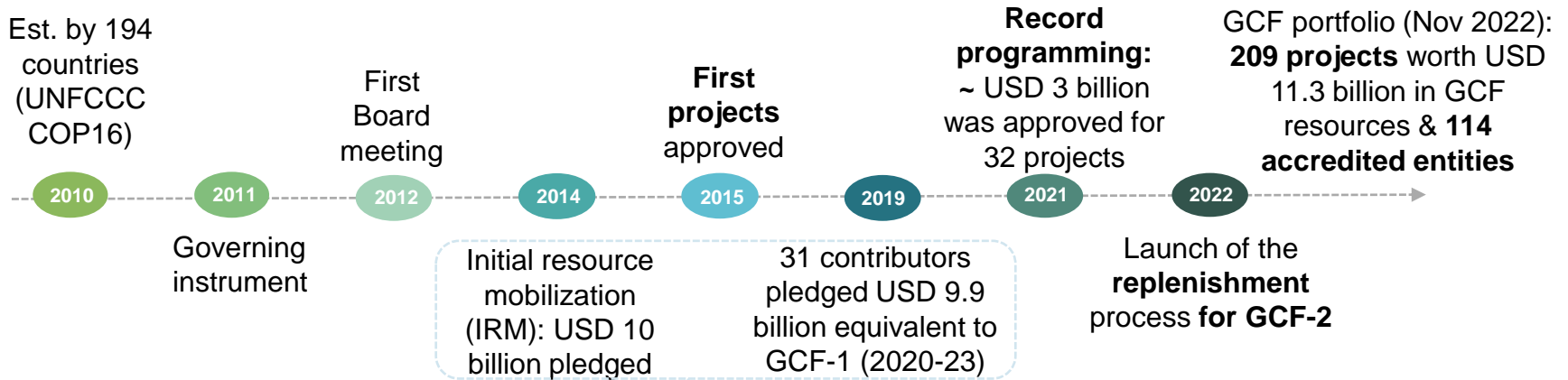
The world's largest climate fund set up by the UNFCCC and serving the Paris Agreement

Ultimate objective:
promote paradigm shift towards low-emission, climate resilient development pathways by supporting developing countries

24-member board:
balanced governance structure that ensures consensus-based decisions between developed & developing countries

Germany has a permanent seat:
board member - Ms. Fuentes Hutfilter (AA)
alternate – Ms. Annette Windmeisser/ Mr. Simon Stumpf (BMZ)

GCF at a glance



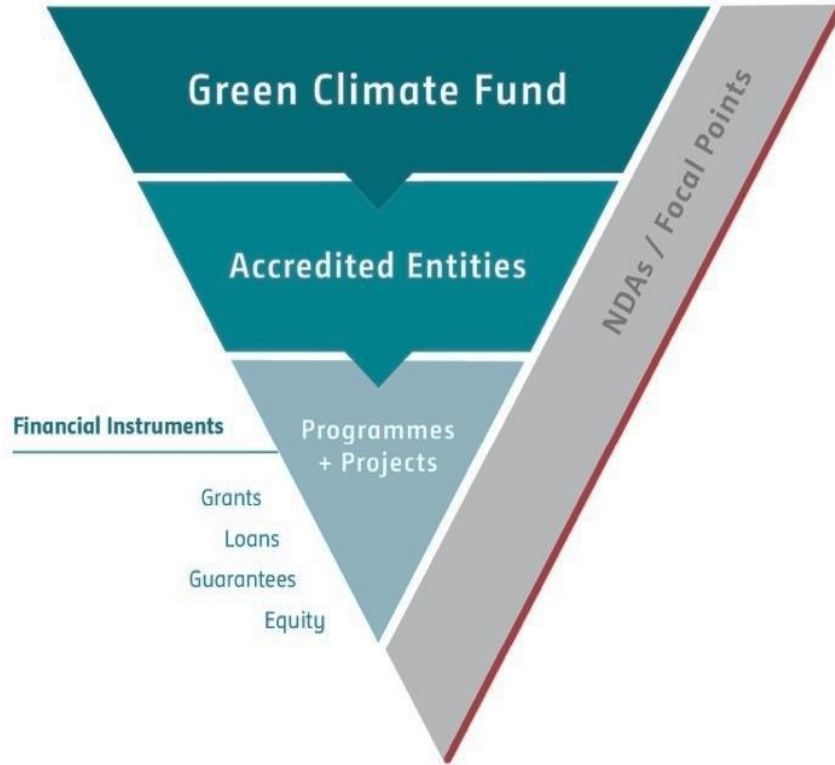
GCF has a four-year replenishment cycle:

- IRM: 2015-2019
- GCF-1: 2020 – 2023
- GCF-2: 2024 – 2027

Top 5 contributors in terms of confirmed total pledges: UK, Japan, France, Germany, Sweden

GCF-2 pledging conference: Germany proposed to host it (Autumn 2023)

GCF operational modality



- GCF is a **partnership organization**, operating through a network of accredited entities for project/ programme development and implementation:
 - To date, there are 114 accredited entities, incl. international, regional, and national entities, government agencies, and non-governmental organisations etc.
- A core principle of GCF engagement with countries is to ensure **country ownership** in climate financing decisions which is exercised by National Designated Authorities (NDA):
 - Represented by an appointed focal point(s), NDAs act as the interface between their government and GCF, approving all GCF project activities within the country, issuing a 'no objection letter', setting engagement priorities aligned with its national climate targets, and coordinating with AEs.
- GCF is able to combine a **full range of financing instruments**, i.e. loans, equity, guarantees and grants, to bespoke solutions that tackle specific investment barriers.

GCF funding windows

A. Readiness & preparatory support

I. Readiness

II. Project Preparation Facility (PPF)

B. Full funding proposal

I. Simplified Approval Process (SAP)

II. Regular climate investment

C. Request for proposals

Projects & programmes in support of micro-, small- and medium-sized enterprises (MSMEs) in the climate space

D. Result-based payments

REDD+ payments for verified tCO₂e from deforestation, forest degradation and through the conservation and enhancement of forest carbon stocks & sustainable management of forests

GCF priorities and criteria

GCF updated strategic plan: 2020-2023 priorities (GCF-1)

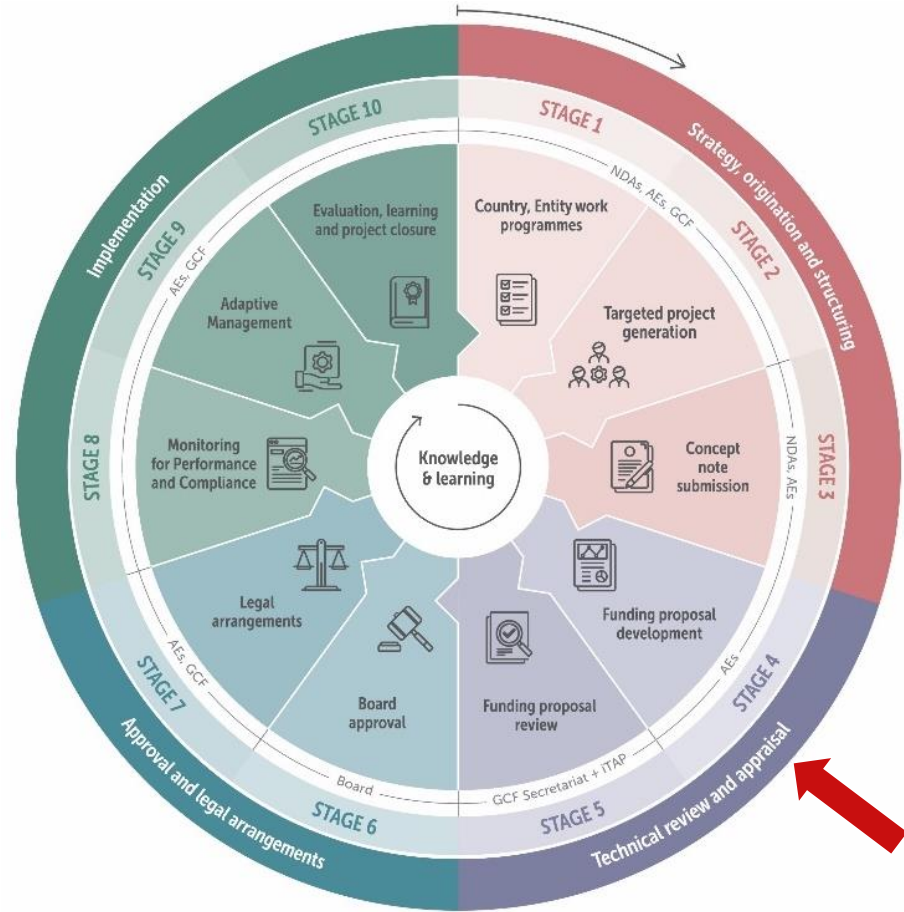


Six investment criteria:



GCF's project cycle

- GCF project cycle is comprised of 10 stages, from project origination to closure.
- The GCF project cycle stages are overseen by the Secretariat and GCF independent units. The knowledge management and learning component is central to the final stage of the project activity cycle. Lessons learned inform both the project origination process and the closing of the project activity cycle in the future for GCF and the AE.
- More information on the project cycle can be found in the [GCF Programming Manual](#).



Characteristics of high-quality proposals, incl. GIZ-specific features

Additionality of GCF funding

- Does it need GCF?
- Crowd-in additional financing
- De-risk investments to make viable

Country-driven approach

- Alignment with NDCs & country programmes
- Prioritised by country / NDA
- No objection letter

Strong climate impact

- Climate impact of investment is key
- Supported by scientific evidence
- Transformational

Six investment criteria

1. Impact potential
2. Paradigm shift potential
3. Sustainable development potential
4. Recipient needs
5. Country ownership
6. Efficiency & effectiveness

Eight result areas:



Enabling paradigm shift:

- Changing enabling environments
- Innovation
- Replication, scale & sustainability

Compliance with GCF policies:

- Fiduciary standards
- Risk management
- ESS
- M&E criteria
- Gender policy
- Legal standards

Completeness of documentation:

- Feasibility study
- Financial model
- Project timetable
- Gender analysis
- Environmental studies
- No-objection letter

- ✓ **Committed project champion** in the country & anchor project
- ✓ Be in the **BMZ 2030** list: bilateral cooperation category (or indication of commission)
- ✓ Within the **accreditation scope**: thematic focal areas, funding volume, low or medium ESS category
- ✓ **Blend** of technical assistance & grant-award components
- ✓ **Single country approach** in the absence of GCF Policy on Programmatic Approaches

- Additional funding
- No competition w. DAEs
- Efficiency & effectiveness: other IAE's agenda + current GCF portfolio



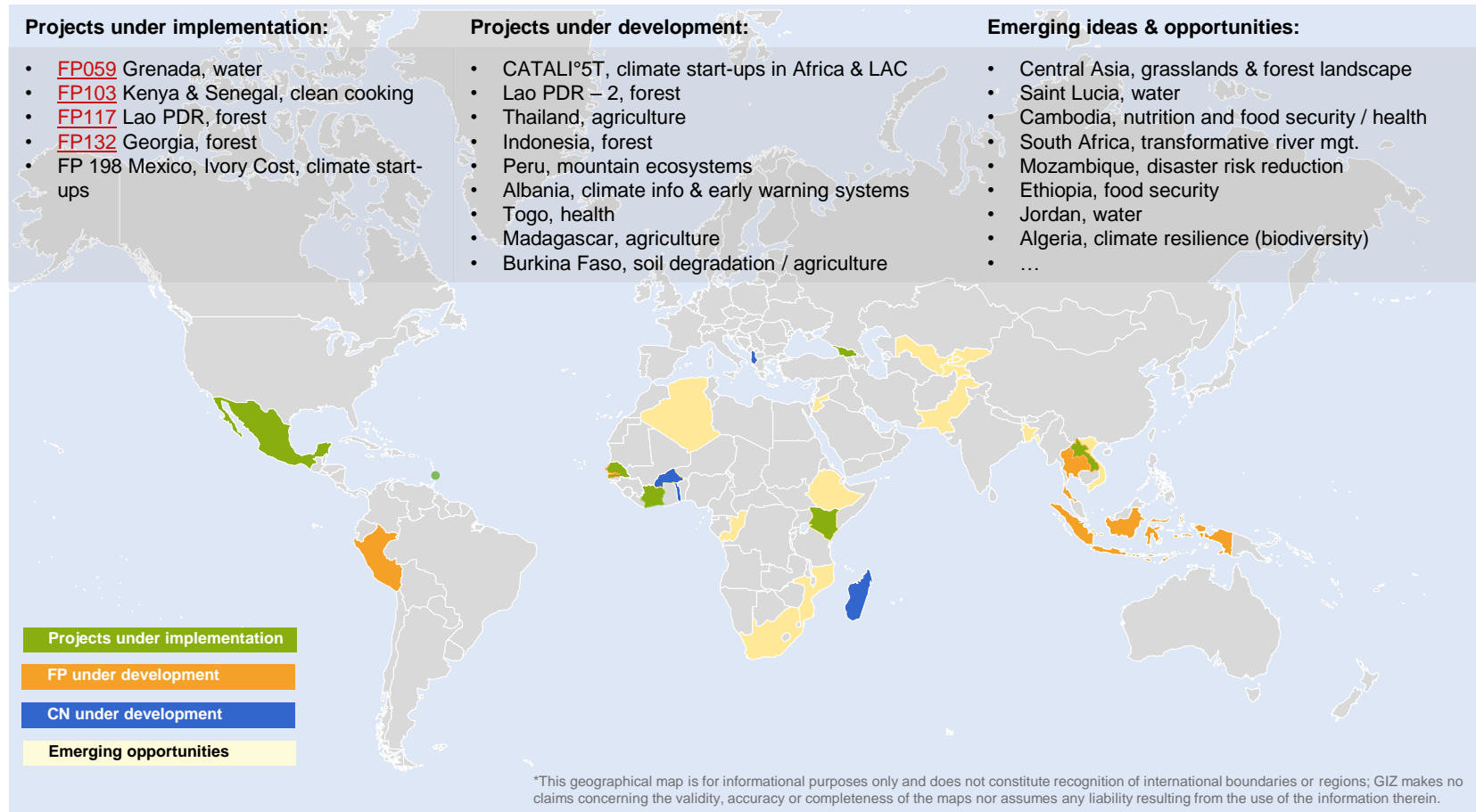
II) GIZ engagement with GCF

GIZ Accreditation profile

Entity Type:	NATIONAL	REGIONAL	INTERNATIONAL	
Total Project Volume:	MICRO up to USD 10m	SMALL up to USD 50m	MEDIUM up to USD 250m	LARGE above USD 250m
Scope:	PROJECT MANAGEMENT	GRANT AWARDING	ON-LENDING/ BLENDING	
Environmental and Social Risk Category:	HIGH (A)	MEDIUM (B)	LOW (C)	

- The accreditation scope determines the scale and type of funding that an entity can seek from the Fund and also sets the limitation for environmental and social risks that may arise from the proposed projects and programmes.
- **GIZ became accredited by the GCF Board in 2016**, and the Accreditation Master Agreement (**AMA**) became effective on **18 January 2019**. Re-accreditation is to be sought 5 years after AMA effectiveness date.

GIZ's GCF project pipeline



Key features of GCF project within the current accreditation status

Category	GCF
Volume	20 - 40 Mio. EUR (GCF grant)
Duration	5-15 years
Instruments	Technical assistance, capacity building Large grants + leverage finance
Co-financing	Other partner financing mandatory, a minimum ratio of 1:2 is recommended
Risks	Low or medium environmental & social risks, operational risks, financial and legal risks
Impact	Direct reduction of GHG emissions (mitigation) or reduction of vulnerability (adaptation)

