



Starting Off On the Right Foot:

Principles for evaluating the first projects supported by the Green Climate Fund

November 2015

The 11th Board Meeting of the Green Climate Fund (GCF) will take place 2 – 5 November in Livingstone, Zambia. The first tranche of projects is expected to be approved. Against the backdrop of the upcoming UN climate summit in Paris (COP21), it is imperative that these projects set the standard for game-changing, transformative climate action, fulfilling the mandate of the Fund and meeting the needs of climate-impacted communities.

Why GCF projects must be “game changers”

Climate change affects everyone, especially the poorest and most vulnerable people, communities and countries – in some cases threatening their survival. It is the legal and moral obligation of developed countries to provide financing, technology and other support for developing countries to adapt to a changing climate and transition to sustainable economies powered by sustainable, affordable, reliable, safe and secure energy.

The success of the GCF is being seen as a measure of whether developed countries are coming to the COP21 table in good faith – both in terms of making good on their financial pledges to the Fund and whether the activities supported by the Fund really meet the needs outlined by developing countries. Many would see approval of “game-changing”¹ projects, as GCF Executive Director, HÉla Cheikhrouhou describes them, before Paris as a crucial building block to a successful agreement and setting the GCF off on the right foot.

What principles should underpin selection of GTF projects?

The independent Technical Advisory Panel (iTAP), the Secretariat and the Board must evaluate each proposal against the principles of the UN Framework Convention on Climate Change (UNFCCC) and the GCF’s Governing Instrument. GCF decisions and extensive evidence of the impacts of development and climate finance on the ground to date should also guide the Board’s decisions. The ultimate aim of the UNFCCC is to stabilize greenhouse gas (GHG) emissions and help countries adapt to a changing climate, in the context of the right to sustainable development and on the basis of equity.

¹ <http://news.gcfund.org/green-climate-fund-will-deliver-at-cop-21-in-paris/>

At the GCF, this means that projects selected must be in line with the following principles:

- Ensure an equitable distribution of financing among and within countries;
- Ensure a balance of project scales and sizes;
- Promote coherence with national climate change action plans;
- Be environmentally sustainable and socially equitable;
- Have gender-responsive and participatory design and delivery that is tailored to meet recipients' needs;
- Result in clear, long-term benefits for recipient communities, including building their resilience to short-term shocks and longer onset impacts from a changing climate;
- Safeguard against negative impacts on the health, livelihoods and environmental well-being of future generations;
- Transform unsustainable energy, agricultural, buildings, waste and transportation systems so they are environmentally sustainable and socially inclusive;
- Have transparent monitoring and reporting and clear accountability mechanisms for all stakeholders.

In line with these broad principles, and building on evidence from current experience of climate finance, the following criteria should be used to evaluate whether the first tranche of projects will be “game changing”.

GCF activities should be evaluated according to the following criteria:

Principles for entire first tranche of funding proposals	
Geographic balance and focus on vulnerability	Funding is geographically balanced and equitably distributed amongst small-, medium- and large-sized countries and developing country income levels (low, lower middle, middle income). Funding for vulnerable countries including LDCs, SIDS and African states should be prioritized, as per the GCF's mandate.
Adaptation / mitigation balance	Even split between adaptation and mitigation projects as decided by the Board in February 2014.
Balance of project size	Finance is distributed across a broad mix of micro-, small-, and medium-scale activities. Large-scale ² activities should not dominate the portfolio. Rather, any large-scale activity should be composed of the aggregation of smaller-scale, community-based activities.
“Paradigm shift”/transformative potential	Activities should demonstrate, in scope and scale, how they will dramatically transform infrastructure, waste and transportation systems, among others, so that they are environmentally sustainable and socially inclusive. Benefits should be felt at all levels of society, in particular at the grassroots level. Activities should also promote ongoing learning so that there can be wider replication of successful initiatives
Principles for individual projects	
Life-cycle emissions (for mitigation proposals)	Activities reduce direct and indirect greenhouse gas emissions along the entire life-cycle of a technology or activity. Activities use contextually-appropriate technology and approaches that emit the least amount possible of co-pollutants. There must be no direct or indirect support for fossil fuels.
Country-driven and inclusive partnership approach with	Activities are developed with buy-in from a broad range of stakeholders, including national/local government, local and domestic private sector actors (for private finance initiatives), academia, communities and civil society, with attention paid to the disenfranchised and vulnerable groups.

² The GCF defines project size as micro: up to and including \$10 million for an individual project or an activity in a program; small: above \$10 million up to and including \$50 million for an individual project or an activity in a program; medium: above \$50 million up to and including \$250 million for an individual project or an activity in a program; large: above \$250 million for an individual project or an activity in a program. (From “fit-for-purpose” accreditation approach, Decisions of the Board – 8th Meeting of the Board, 14-17 Oct 2014, Annex I)

special attention paid to the most vulnerable	
Participation of recipient communities in design & delivery, including poor and vulnerable groups	Activities respond to community-identified needs and are appropriate to local contexts. Activities are designed, implemented and monitored with participatory community consultation. Activities ensures that all members of a community irrespective of gender or ethnic group share equitably in project benefits, including the poor, disenfranchised and vulnerable.
Recognition and respect for human rights, customary rights to land & natural resources and rights of Indigenous Peoples	Activities uphold the traditional and usage rights of local communities to control and access resources like land, water and forests and upholds the right of Free, Prior and Informed Consent (FPIC) of Indigenous Peoples.
Gender-responsive design & delivery	Activities are designed and implemented using a gender-responsive approach that acknowledges and addresses the differentiated impacts on and contributions of men and women.
Partnership-based approach	Activities demonstrate meaningful and respectful collaborations to achieve positive outcomes among local and national governments, communities, and distinct civil society groups such as women or workers, Indigenous Peoples, domestic financing institutions, developers and academia.
Builds local capacity	Activities support a range of skill and capacity building and training for recipient communities, including activities that support broader local economic development (through job creation, local supply chains, support for MSMEs etc.) and economic participation. Activities support the development of national and local financial institutions and a pro-poor enabling environment for scale-up of appropriate low carbon technologies.
Long-term benefits	Activities demonstrate long-term social, economic, development and environmental co-benefits for communities, such as access to sustainable, reliable, safe and affordable energy, water, food, and sustainable livelihoods.
Accountability and Transparency	Activities maximize transparency of monitoring and reporting, in line with international best practice, throughout the full life cycle of the project, including through access to timely and meaningful information. Activities enshrine accountability at multiple levels - community, sub-national, national and international.