

13 March 2015

Dear Members of the Board, Alternate Members and Advisors:

We are committed to the operationalization of the Green Climate Fund as an institution driven by developing countries' self-determined needs and priorities, including the development of vibrant, sustainable local economies.

Annex II of Decision B.08/03^[1] states, "The Board may wish to consider, in the context of the Policies and Procedures for the Initial Allocation of the Fund's Resources, the possibility of establishing and assigning allocation targets for public and private entities, particularly in the context of direct access." To that end, we would like to work with you toward the adoption of decisions that would further operationalize the country-driven approach through the following measures:

- **75% floor for direct access by 2020.** With sufficient readiness and capacity-building support, national/sub-national/regional implementing entities and intermediaries should be the recipients of at least 50% of all of the GCF's resources for funding activities in developing countries by the end of the Initial Resource Mobilisation period (2018), with the aim of further increasing this to 75% by the end of 2020. This would go far in ensuring that the GCF is country-driven in practice, not just in theory. A 75% floor would also address the growing concern that, otherwise, the GCF could end up channeling the bulk of its funds to multilateral development banks and developed countries' bilateral agencies. Such a boost for MDBs and bilateral agencies would come at the expense of country ownership and would indeed be a perversion of the purpose of the GCF. The Board should monitor the practicality of, and progress towards, this quota continuously.
- **Robust, ongoing investment in readiness.** Strengthening national/sub-national/regional entities is fundamental to facilitate the primacy of direct access – and thus genuine country ownership - in many developing countries. Deep, long-term investment in capacity building is necessary to ensure compliance with accreditation standards and an optimal pipeline of a diverse set of gender-sensitive adaptation and mitigation projects/programs. The provision of high quality funding proposals, compliance with social and environmental safeguards and fiduciary standards, and comprehensive stakeholder engagement should be a bridge – rather than a barrier – to a national/sub-national/regional entity's engagement with the GCF. The provision of project formulation grants exclusively for direct access approaches, to help bring endorsed project concepts to fully-fledged high quality proposals, will also help facilitate such outcomes. In addition, any time a multilateral or developed country bilateral agency implements a project, strengthening institutional capacity for direct access should be part of its work, expanding on decision B.08/03 (j), and should be subject to assessment and evaluation.
- **75% floor for micro, small and medium enterprises in developing countries.** Credible efforts to ensure that developing country economies are resilient to climate disruption must focus on domestic MSMEs, the major economic force in most developing countries, in both the formal and informal sectors, where women entrepreneurs play a majority role. Of the GCF resources directed toward the private sector, at least 75% should be allocated to developing country MSMEs based on gender-responsive, participatory, needs-based processes. Supporting

^[1]Assessment of institutions accredited by other relevant funds and their potential for fast-track accreditation

domestic, rather than international, companies is also a bedrock component of sustainable development. Local companies are more likely to use local labor, increase productive capacities and invest a greater share of their profits at home and especially in their communities, contributing to more resilient local economies that are better able to cope with a changing climate. Targeting the informal economy and its gender dimensions, where economic activity most frequently occurs in developing countries, is crucial to ensure penetration of adaptation and mitigation efforts.

We welcome the opportunity to work with you to further operationalize country ownership in the GCF and, to that end, hope you take our recommendations on board.

Thank you for your consideration.

Sincerely,

11.11.11, Belgium
Aclimatando, Argentina
Action24, Zimbabwe
ActionAid
Aksi! for gender, social and ecological justice, Indonesia
Alyansa Tigil Mina - Alliance Against Mining, Philippines
APWLD (Asia Pacific Forum on Women, Law and Development), Regional/Thailand
Asociacion Ambiente y Sociedad, Colombia
Both ENDS, Netherlands
CAFOD, UK
CARE International (Poverty, Environment and Climate Change Network)
Center for Participatory Research and Development, Bangladesh
Centro Alexander von Humboldt, Nicaragua
Centro para la Sustentabilidad y los Riesgos Climáticos, Argentina
Christian Aid, UK
Church World Service, USA
CIDSE, Belgium
Climate and Sustainable Development Network, Nigeria
CNCD-11.11.11, Belgique
Confederacion Nacional de Trabajadores Dominicanos, Dominican Republic
Earth Day Network, USA
Earth in Brackets, USA
Engajamundo, Brazil
Franciscan Action Network, USA
Freedom from Debt Coalition Philippines
Friends of the Earth England, Wales and Northern Ireland
Friends of the Earth Malaysia
Friends of the Earth Sierra Leone
Friends of the Earth U.S.
Friends of the Siberian Forests, Russia
Fundación M'Bigua. Ciudadanía y Justicia Ambiental, Argentina
Fundar, Centro de Análisis e Investigación, México
GAIA - Global Alliance for Incinerator Alternatives, International

Heinrich Böll Stiftung North America
IBON International, Philippines
Institute for Climate and Sustainable Cities, Philippines
Institute for Policy Studies, Climate Policy Program, USA
Interamerican Association for Environmental Defense (AIDA), regional
International Institute of Environment and Development, UK
International Trade Union Confederation
Jeunes Volontaires pour l'Environnement, Carmeroon
Jeunes Volontaires pour l'Environnement-International, Togo
Jubilee South - Asia/Pacific Movement on Debt and Development
Khazer Ecological and Cultural NGO, Armenia
Korea Federation for Environmental Movements, South Korea
Labour, Health and Human Rights Development Centre, Nigeria
Maleya Foundation, Bangladesh
Maryknoll Office for Global Concerns, USA
M'Biguá Foundation, Argentina
Oxfam
Oxford Climate Policy, UK
Pan African Climate Justice Alliance (PACJA), regional
Project Survival Pacific: Pacific's Youth Climate Movement, Fiji
Save the Children, Australia
Sawit Watch, Indonesia
Sociedad Amigos del Viento, Uruguay
Taiwan Youth Climate Coalition
Third World Network, Malaysia
Worldview-The Gambia
WWF International