Training on Financing for Disaster Risk Management
Session 2.1 Global Financing or Funding facilities for DRM and CCA
At the end of this session, participants should be able to:

- Explain the Green Climate Fund (GCF), Global Environmental Facility (GEF), Global Facility of Disaster Reduction and Recovery (GFDRR), Adaptation Fund (AF)
Outline

• What is the Green Climate Fund (GCF)?
• What is the Global Environmental Facility (GEF) Trust Fund?
• What is the Adaptation Fund (AF)
• What is the Special Climate Change Fund?
• What is the European Union Global Climate Change Alliance?
• What is the Global Facility for Disaster Reduction and Recovery (GFDRR)
• What is the Green Climate Fund (GCF)?
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• What is European Union Global Climate Change Alliance?
• Global Facility for Disaster Reduction and Recovery (GFDRR)
What is the Green Climate Fund (GCF)?

- A financial mechanism adopted by the United Nations Framework Convention on Climate Change (UNFCCC) in 2011
- Developed to assist developing countries in adaptation and mitigation practices to counter climate change
- Objectives: i) to raise climate finance; ii) to support projects, programs, policies and other activities in developing countries
- Available financial instruments: combination of grant, concessional debt, guarantees or equity instruments to leverage blended finance and crowd-sourced finances in private investment
What is the Green Climate Fund (GCF)?

Main features

• Developing countries lead GCF programming and implementation
• Country ownership of GCF financing decisions enables developing countries to turn NDC ambitions into climate action
• GCF operates through a network of over 200 Accredited Entities and delivery partners who work directly with developing countries for project design and implementation
• Partners include international and national commercial banks, multilateral, regional and national development finance institutions, equity funds institutions, United Nations agencies, and civil society organizations
• GCF can accept higher risks to support early-stage project development as well as policy, institutional, technological and financial innovation to catalyse climate finance
What is the Green Climate Fund (GCF)?

In Tajikistan

- **Committee of Environmental Protection** (CoEP) acts as the focal point for GCF
- CoEP have established a **National Design Authority** (NDA) where it has secretariat and a technical expert group with appointed representatives from various ministries
- Proposals are submitted to the NDA which reviews them to ensure that they follow national and sector plans; NDA recommends the funding proposals to the GCF Board
- To improve the national capacity, governments can request readiness support from the GCF and other donors to access GCF funds
## What is the Green Climate Fund (GCF)?

### Advantages vs. Disadvantages

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<th>Advantages</th>
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<tr>
<td><strong>• High monetary potential</strong> if the GCF becomes the main multilateral climate-related financing mechanism</td>
<td><strong>• A mix of loans and grants are available; grants are expected to lead measures in adaptation only</strong></td>
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<td><strong>• Strong focus on country ownership</strong></td>
<td><strong>• The GCF operational processes are not fully functional; no prior experience exists</strong></td>
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<td><strong>• Multiple access options</strong> to funding on national, regional, or international level</td>
<td><strong>• Strong focus on Least Developed Countries LDCs, (Small Island Developing States) SIDS and sub-Saharan Africa</strong></td>
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<td><strong>• Focus on developing domestic financial markets and the private sector</strong></td>
<td><strong>• Adequate institutional structures and personnel capacities must be set up;</strong></td>
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<td><strong>• Climate finance readiness support to strengthen absorptive capacity</strong></td>
<td><strong>• Demanding accreditation process (e.g., fiduciary standards, environmental and social safeguards (ESS) makes access through a national institution work intensive</strong></td>
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<td><strong>• In future, access through an accredited national entity could be an option</strong></td>
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What is the Global Environmental Facility (GEF) Trust Fund?

- A financial mechanism of the UN climate operation and started in 1991
- A multi-focal, project-based fund where they have 183 partner countries, international institutions, civil society organizations, and private sector
- Allocated to developed and developing countries for mitigation and adaptation projects and programs in the fields of biodiversity, climate change, international waters, land degradation, and chemicals and waste, among others
- A different approach is applied compare with GEF Trust Fund where they require a national focal point
What is the Global Environmental Facility (GEF) Trust Fund?

Countries eligibility

Countries eligible are those that can borrow from the **World Bank** or receive **technical assistance** from **UNDP**. They can apply for different projects where they are mainly grant for:

- Full-sized projects for over US$ 2 million funding
- Medium-sized projects for up to US$ 2 million funding
- Enabling activities to help countries prepare national inventories, strategies, action plans, and reports under various conventions for up to US$ 0.5 million
- Programmatic approaches that involves partnerships between countries, the GEF and other interested stakeholders (e.g., the private sector, donors and/or the scientific community) for US$ 5-150 million
- Small grants program for up to US$ 50,000 funded by GEF as a corporate program
### What is the Global Environmental Facility (GEF) Trust Fund?

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<td>• As a country in the United Economic Commission for Europe, <strong>Tajikistan is eligible</strong> to apply for GEF funding</td>
<td>• Close World Bank relations due to Trustee status; the World Bank still invests in fossil fuels</td>
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<td>• Several international partners are already accredited GEF agencies, which can be leveraged to tap into GEF resources</td>
<td>• Stronger <strong>top-down governance</strong> approach to award project results in less agency for low/middle income countries.</td>
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<td>• No bilateral funding permitted, more country ownership</td>
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<td>• The delivery mechanism of the GEF Trust Fund are <strong>grants</strong></td>
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<td>• GEF is at the core of operation delivery of finance in line with the UNFCCC agreements, therefore a strong partner</td>
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What is the Adaptation Fund?

• Established under the **Kyoto Protocol** of the UN Framework Convention on Climate Change

• Finance national and regional **adaptation** projects and programs in **developing countries** that are committed to the Kyoto Protocol

• Project and activities that are eligible under this fund include water resource management, land management, agriculture, health, infrastructure development and fragile ecosystem
What is the Adaptation Fund?

• Funds projects that support improving disease monitoring and forecasting, establish climate change **early-warning systems**, build climate change **capacity**, and strengthen existing/or establish national and regional centers and information networks for rapid response to **extreme weather events**

• The Fund is financed largely by **government** and **private donors**, and from a two percent share of proceeds of **Certified Emission Reductions (CERs)** issued under the Protocol’s Clean Development Mechanism projects.
What is the Adaptation Fund?

- **Eligible countries** for this fund are those that are in particularly vulnerable to the **climate changes** including mountainous ecosystems, countries with arid and semi-arid areas, and countries susceptible to **floods**, **drought**, and **desertification**. Criteria includes the level of climate change vulnerability, the level of urgency and risks from delay of action.

- The Fund can be accessed through **national implementing entities**, **regional** implementing entities, or **multilateral** implementing entities.

- The entities follow **similar approach as GCF** where they need to be approved by the board of AF. After the submission of the proposal, accreditation can take up to a year. Country **ownership** is guaranteed through the coordination function of the NDA.
# What is the Adaptation Fund?

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<td>• Special attention to the needs of the most <strong>vulnerable countries</strong> and populations</td>
<td>• Access requirements for implementing entities are <strong>demanding</strong></td>
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<td>• The AF and GCF <strong>accreditation processes</strong> are similar</td>
<td>• Future existence of AF is <strong>not secure</strong></td>
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<tr>
<td>• Documents can be leveraged</td>
<td>• Primary source of revenue are <strong>Certified Emissions Reductions</strong></td>
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<tr>
<td>• Several existing international partners are already accredited multilateral implementing entities</td>
<td>• Adequate <strong>institutional structures</strong> and <strong>personnel capacities</strong> are required</td>
</tr>
<tr>
<td>• Projects are financed through <strong>grants</strong></td>
<td>• <strong>Long accreditation process</strong> for implementing entities of 3 months–1 year</td>
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<td>• Climate finance readiness support to strengthened <strong>absorptive capacity</strong></td>
<td>• Maximum of 50% of total funding available is allocated to Multilateral Implementing Entity projects</td>
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<td>• “Temporary” funding cap at US$ 10 million per project</td>
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<td>• Since 2010, only 48 projects approved, indicating a <strong>slow approval process</strong>, overall slow disbursement of funds</td>
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What is the Special Climate Change Fund?

• Created in 2001 under the UNFCCC to address the specific needs of developing countries
• Main priority is climate change adaptation, and it supports climate change technology transfers and capacity-building activities. Also, also supports projects in energy, transport, industry, agriculture, forestry, and waste management
• All projects that are approved must focus on climate change and the development of vulnerable socio-economic sector
• Project/program must be cost effective where it shall integrate national sustainable goals and consider National Adaption Program
What is the Special Climate Change Fund?

• When a project commence it must be concluded within **18 months after approval**
• Application is submitted to UNFCCC Secretariat where it begins with a concept note
• After a review and **endorsement** by GEF secretariat and in some cases another endorsement might be needed before the disbursements
## What is the Special Climate Change Fund?

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<td>• Complements GEF Trust Fund activities, but managed separately</td>
<td>• It is subordinated to the GEF Trust Fund and projects require <strong>GEF CEO clearing</strong> before approval</td>
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<tr>
<td>• <strong>Access modalities</strong> are rather simple compared to the GCF or AF</td>
<td>• A considerable amount of SCCF funding is linked to <strong>co-financing</strong>, requiring Tajikistan to mobilize <strong>additional resources</strong> in advance to SCCF approval (e.g., European Bank for Reconstruction and Development co-financing for water resilience)</td>
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<td>• <strong>Country-driven</strong> proposals</td>
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<td>• SCCF aims for a balanced distribution of agencies in its work program, e.g., Tajikistan has not yet accessed funds;</td>
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<td>• The SCCF uses <strong>grants</strong> to finance projects</td>
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<td>• Since 2007, 76 country accessed funds under 67 approved projects, including Tajikistan with US$ 3.2 million</td>
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What is the European Union Global Climate Change Alliance?

- Created by the **European Union** (EU) in 2007 with a focus on **strengthening dialogue** and **cooperation** with countries most vulnerable to **climate change**
- Its focus lies particularly on LDCs, SIDS and African countries; **Tajikistan** is **qualified** to apply for funds from GCCA
- Funding originates from the **EU budget**, the 10th **European Development Fund**, and contributions from Ireland, Sweden, Estonia, Cyprus, and the Czech Republic
- About 326 million USD have been deposited in the GCCA and 347 million USD have been approved
What is the European Union Global Climate Change Alliance?

GCCA is based on **two pillars:**

i) Pillar 1 focuses on **dialogue** between the EU and developing countries on climate policy on different levels, national, regional and global where it deals with practical approaches to integrate climate change into development policies and budgets.

ii) Pillar 2 is split into the following:

   – **Mainstreaming** support on climate change into poverty reduction and development efforts
   
   – **Adaptation assistance** and **emissions reduction** from deforestation and forest degradation
   
   – **Enhancing participation** in the global carbon market
   
   – **Disaster risk reduction**
What is the European Union Global Climate Change Alliance?

- If government wants to have access to the funds that are handled by GCCA ten they must contact the **EU delegation** in the country.
- **EU delegation** in Tajikistan contacted and discuss possibility to engage them.
- EU delegation, in collaboration with the European Commission, decides whether a partner country is eligible for funding.
- A **dialogue** may begin regarding possible fields of intervention and priorities.
## What is the European Union Global Climate Change Alliance?

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<td>- Presents <strong>easy-to-access</strong> and concentrated information for Tajikistan</td>
<td>- Funds are allocated based on <strong>availability of resources</strong> and population figures</td>
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<td>- A knowledge sharing and technical support platform in the fields of climate mainstreaming, adaptation,</td>
<td>- GCCA understand the need to move towards more program support; currently the main funding mechanism is through <strong>project support</strong>, much less for general budgets or programs</td>
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<tr>
<td>- The deployed financial instrument are <strong>grants</strong></td>
<td>- Least Developed Countries have priority in accessing funding following a <strong>vulnerability assessment</strong> (especially agricultural sector)</td>
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<td>- In 2014, a new phase of Global Climate Change Alliance+ began and extended the framework until 2020.</td>
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Global Facility for Disaster Reduction and Recovery (GFDRR)

- A **global partnership** that helps developing countries better understand and reduce their **vulnerability** to **natural hazards** and **climate change**

- GFDRR is a **grant-funding mechanism**, managed by the World Bank, that supports disaster risk management projects worldwide
Global Facility for Disaster Reduction and Recovery (GFDRR)

Working modality

Through its in-country work, GFDRR awards grants for specific activities in line with its seven operating principles:

1. Demand-driven approach to ensure maximum impact
2. Leveraging development investments and policies
3. Focusing on inclusive design and participation
4. Empowering women and mainstreaming gender
5. Jointly addressing disaster and climate risk
6. Developing knowledge and sharing best practices
7. Prioritizing a results-oriented approach
Areas of engagement

GFDRR’s grants are organized around eight areas of engagement, which represent our priorities in the coming years:

- Promoting open access to risk information
- Scaling up the resilience of cities
- Deepening financial protection
- Deepening engagements in resilience to climate change
- Promoting resilient infrastructure
- Strengthening hydromet services and early-warning systems
- Building resilience at community level
- Enabling resilient recovery
Global Facility for Disaster Reduction and Recovery (GFDRR)

Priority topics

- GFDRR labs
- Resilient infrastructure
- Resilient cities
- Hydromet services and early warning systems
- Financial protection
- Inclusive disaster risk management and gender equality
- Resilience to climate change
- Resilient recovery
Let us brainstorm.....for 20 minutes

Guiding questions

Q1. What is your experience of funding facilities for disaster risk management and climate change in Tajikistan?

Q2. Do you think Global Funding Facilities for disaster risk management and climate change (discussed in this session) can be used to improve current funding facilities in Tajikistan?

Q3. What are your suggestions for improving current funding facilities for disaster risk management and climate change in Tajikistan?

Activities: i) Sit in a group of at least 5 people, ii) Discuss Q1, Q2, and Q3, iv) Prepare your answer on a flip chart provided
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References

- Adaptation Fund (www.adaptation-fund.org)
- Green Climate Fund (https://www.greenclimate.fund/)
- Global Environment Facility (https://www.thegef.org/)
- Global Risk Financing Facility
- Nine Year Investment Plan
THANK YOU
FOR YOUR ATTENTION