GCF’s Readiness Programme and Indigenous Peoples in Latin America

Writer: Eileen Mairena Cunningham
Editor: Helen Biangalen-Magata

1This document has been written with the directive of Tebtebba Foundation to support GCF Southern CSO Active Observer and the Indigenous Peoples Advocacy Team (IPAT).
1. **Summary report**

This document has been written to describe and guide Indigenous Peoples Organizations (IPO) in Latin America on GCF’s Readiness and Preparatory Support Program (readiness program) and to alert and prepare them to directly access to financial resources of the Fund.

Indigenous Peoples’ organizations in Latin America, as in other parts of the globe, have insisted and have a permanently lobby process on their demand for direct access to the financial resources of the GCF.

This process presents two areas: on the one hand, the high standards and rigorous parameters of the GCF, first, to be accredited and second, to properly access the funds. On the other hand, we have to consider the history and administrative, technical and financial capacities of the organizations of indigenous peoples. These are two very different aspects, however, both the GCF and the IPOs, have to analyze, and get to know each other and, work together to pave the way for the IPOs to access the funds.

This work was carried out mainly at the desk work level only. It’s spent a lot of time browsing the various pages of the GCF website; the decisions of the Directive Board and also reports from regional organizations such as the Observatory for Climate Action (OLAC, for its Spanish acronym) and Latin American Finance Group (GFLAC, for its Spanish acronym) were reviewed.

What we find in this research is that despite the fact that the GCF is a new organization, compared to other international financial organizations, such as the World Bank or other regional banks, it has managed to have a robust organic structure and a well-defined mandate and procedures. Although the UNFCCC made a decision for the creation of the GCF from 2009 in Copenhagen, the Fund was created as a result of the 16th Session, held in Cancun, Mexico, in 2010. It was only until November 2015, 5 years ago, that GCF approved its first eight projects.

In this process, the GCF has been very agile in defining and establishing its organic structure, policies, programs, procedures, mechanisms, and ensuring its proper functioning. These are very robust and strict components of the GCF.

Although the participation of civil society organizations (CSO) and private companies as active observers is very narrow, Indigenous Peoples Organizations managed, in agreement with the developing countries CSO, to share one of the space assigned to them in the Active Observer Team.

For their part, the IPOs have demonstrated a lot of tenacity and lobbying capacity, in their demand to have a special GCF window for indigenous peoples, however this has not been achieved. Perhaps the creation of the Platform for Local Communities and Indigenous Peoples, is a sign of the results and impact of that effort, which could advance the provision of financial resources to the IPO.
The issue now is that the GCF has accreditation processes that are very rigid and strict and that for IPOs they represent conditions and parameters that are difficult to comply with. Despite this, the GCF is concerned with facilitating the accreditation process for which it is considering new approaches. One option appears to be project specific assessment approach. We also see that the GCF Board of Directors has adopted decisions to prioritize national direct entities in those countries that do not yet have a Direct Access Entity.  

2. Introduction

Latin America presents a context of great social, economic and environmental vulnerability, and shows deep inequality gaps that are reflected in high levels of poverty, linked to an intensive use of natural resources, under great risks of disasters that affect the projections of the sustainability of the development achieved.

Ten Latin American countries have indicated that their financial needs in order to meet the commitments assumed in the framework of their Nationally Determined Contributions (Agreed), is 51 billion dollars. Globally, the amount of resources to meet the financial needs of both the conditional and unconditional commitments proposed in the NDCs could reach more than 4 trillion, with an annual flow of 350 billion dollars. That is why IPOs need monitoring climate related financial support in developing countries and to determine how much of it is related to forests and territories of indigenous peoples. Indigenous peoples must create capacities for measuring, reporting on, and verifying climate finance and increases accountability and trust of / in the States. There are serious limitations to creating these capacities, especially for analysis of finance for adaptation.

The networks of indigenous peoples' organizations need to organize themselves, prepare to know information about the constitution, organization, programs of the Green Climate Fund (GCF) to be able to access financial resources directly and know the financial resources that are mobilized in the countries of Latin America, to face climate change and prevent the planet's temperature from exceeding 2oC. This document tries to move the interest of Indigenous Peoples to know about the subject.

3. Methodology

The production of this document was commissioned by Tebtebba Foundation, to develop a Policy brief on "GCF’s Readiness programme and Indigenous Peoples in Latin America ". For the development of the study, the desk work was carried out, along with some interviews - a way to sample - that mainly focused on representatives of Indigenous Peoples Organizations (IPO) in Belize, Guyana, Nicaragua, Panama and Peru.

The general situation of confinement caused by Coronavirus 19, in most of the countries of Latin America, prevented the number of interviews from expanding.

4. Background

The creation of the Green Climate Fund was agreed during the 15th Conference of the Parties (COP), of the United Nation Framework Convention on Climate Change (UNFCCC)\(^3\), held in 2009 in Copenhagen, Denmark. However, the Fund was set up as a result of the 16th session held in Cancun, Mexico, in 2010. This result was seeking to scale up the provision of long-term financing for developing countries, focusing on mitigation and adaptation. Later, the fund was designed to support projects, programs, policies and other activities in developing country Parties using thematic funding windows. So, the GCF becomes an operating unique entity of the financial mechanism of the Convention and is accountable to the Conference of Parties (COP). In this way, the GCF is mandated to make an ambitious contribution to the united global response to climate change.

The latest report of the Intergovernmental Panel on Climate Change (IPCC) warns that the world is not on track to achieve the rapid and deep transformation needed to limit global temperature rise to 1.5 Centigrade, so, urgent and accelerated climate action is needed to avoid irreversible and devastating consequences of the warming planet. The thing is that, this ambition is not detached to the availability of financial resources. Climate finance is key to these efforts and GCF has the basic task of ensuring that funding reaches developing countries that need it the most. Part of that funding is represented by financial resources from the readiness programme.

It was at the fifth meeting of the GCF’s Board that progress was made in consolidating the operational structure of the Fund. Inter alia, it was agreed that the GCF could receive contributions from sources additional to those from developed countries, including those from the private sector. It further determined that the designation of the Fund's financial resources would be based on themes or activities. It was at this meeting that the Board approved the readiness and preparatory support programme, aimed at developing countries that require assistance in accessing the Fund's financial resources\(^4\).

In 2009, under the Copenhagen Accord, and confirmed in the Cancun decision and Durban Platform, developed countries pledged to deliver finance approaching USD 30 billion between 2010 and 2012. The GCF had $ 2.3 billion, but began receiving financial contributions, so by the time COP 20 was held in Lima, Peru in 2014, its minimum fundraising target was $ 10 billion dollars.\(^5\) Countries have reiterated their commitment to

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\(^3\) The United Nations Framework Convention on Climate Change (UNFCCC) is an international environment treaty adopted on 9 May 1992 and opened for signature at the Earth Summit, in Rio Janeiro, from 3 to 14 June 1992. It then entered into force on 21 March 1994, after a sufficient number of countries had ratified it.

\(^4\) Decisions of the fifth meeting of the Green Climate Fund Directive Board (2013):

increasing climate finance to USD 100 billion per year from public and private sources by 2020.\textsuperscript{6}

It was at the Eighth meeting of the GCF Board, that it was decided to establish a work plan to strengthen the role of the National Designated Authorities (NDA), which serves as a link between the GCF and each country, corresponding to the readiness programme. From there, came the \textit{no objection procedure} regarding country ownership. This implies that, when submitting a financing request to the GCF, the NDA must present, in the first 30 days, a “\textit{letter of no objection}”, without which the proposal is invalid\textsuperscript{7}. This letter is granted once the NDA has verified that the proposals are within the framework of national priorities on climate change.

5. \textbf{Indigenous Peoples and direct access}

From the very beginning and during this process of constitution, organization and strengthening of the GCF, the representatives of Indigenous Peoples Organizations (IPO) around the world, who are organized and participate annually in the International Indigenous Peoples Forum on Climate Change (IIPFCC), the formal space as constituents for the negotiating body of indigenous peoples in the UNFCCC\textsuperscript{8}, have been demanding direct access to GCF resources. This task has not been easy until now, 10 years after the creation of the GCF.

By mandate, the GCF Board must promote mechanisms to guarantee the participation of non-governmental actors in the design, development and implementation of projects and programs to be financed by the Green Climate Fund. For this reason, there are non-governmental actors, such as observers, at their meetings\textsuperscript{9}. Accredited observers are represented by two members of civil society (CSO) and two from the private sector. Also, two must come from developing countries and two from developed countries. Observers have the right to speak, but not to vote, and may exercise this right as long as the Co-Chairs of the Board allow it. In this sense, the GCF did not have a consideration to give space to the demand of IPs for a specific space for them. The demand for specificity of indigenous peoples is based on the fact that they are bearers of individual and collective rights, that civil society as such, does not have. For this reason, IPs had to lobby the CSO to ensure that one of the two spaces assigned to them was occupied by the IPO. So currently, one space is occupied by the CSO and one space is occupied by the IPO. It is important to highlight that from this space, the approval of the GCF Indigenous Peoples Policy was successfully promoted.

\textsuperscript{6}Decisions of the eighth meeting of the Green Climate Fund Directive Board (2014):

\textsuperscript{7}IUCN. Pasang Dolma Sherpa. The historical journey of Indigenous Peoples in Climate Change Negotiations.

\textsuperscript{8}These observers must previously obtain accreditation as such before the GCF.
This genuine demand of IPs has been based on three aspects: first, the need to overcome the historical situation of marginalization and discrimination that they have been subjected to for more than 500 years; second, the need to enforcement of safeguards and the individual and collective rights of Indigenous Peoples; third: the one already mentioned, that the IP are bearers of individual and collective rights.

Despite the availability of the GCF's policy on indigenous peoples, everything seems to indicate that the NDA and other important government stakeholders related to climate change are not aware of it, but are equally unaware of international mechanisms such as the United Nations Declaration on Rights of Indigenous Peoples and Convention 169 of the International Labor Organization (ILO), that establish the IP rights.

It was known, and now it has been proven, that a large number of proposals presented to the GCF are approved without having complied with the due process of consultation with Indigenous Peoples, established both in the two instruments of international law mentioned in the previous paragraph, as well as in the same IP policy of the GCF.

As mentioned previously, the struggle of IPOs to have their place in climate finance has been constant and long. Although the IPOs have not had direct access to the GCF funds, throughout this process, it was possible to open another front of struggle. This happened when the Local Communities and Indigenous Peoples Platform (LCIPP) was created at COP 21 held in Paris. Then, in the COP 22, in Poland, the Facilitative Working Group of the Local Communities and Indigenous Peoples Platform (FWG) was established at the 24th., session of the Conference of the Parties (COP).

This was achieved due to the fact that the COP recognized the need to strengthen the knowledge, technologies, practices and efforts of local communities and indigenous peoples in addressing and responding to climate change. The LCIPP enables the exchange of experiences and best practices on mitigation and adaptation in a holistic and integrated manner. During the COP 25, a two-year work plan was approved for 2020–2021 in order to operationalize the LCIPP. Although, it has been indicated that this platform is to strengthen the knowledge, technologies, practices and efforts of local communities and indigenous peoples in addressing and responding to climate change, the following question arises: could LCIP become the platform through which IPO can lobby to gain direct access to the financial resources of the GCF?

Readiness Programme

The Readiness Programme is mandated by the Governing Instrument of the GCF to provide

10 Stakeholders are broadly defined as “private sector-actors, civil society organizations, vulnerable groups, women and indigenous peoples.
11 The LCIPP comprises of 14 members; one representative of a party from each of the five United Nations regional groups; one representative of a Party from a small island developing state; one representative of a least developed country Party and seven representatives from indigenous peoples organizations, one from each of the seven United Nations Indigenous Sociocultural regions: Asia, Africa, Central and South America and the Caribbean, Eastern Europe-Russian Federation-Central Asia & Trans Caucasus, North America, The Arctic and the Pacific.
resources for strengthening institutional capacities, governance mechanisms, and planning and programming frameworks to identify a transformational long-term climate action agenda for developing countries\textsuperscript{13}. At the 22nd meeting of the GCF Board (B.22), the GCF Board approved the Readiness Programme Strategy for 2019-2021. The Strategy incorporates a number of features to improve impact, including orienting the Readiness Programme to encourage a national strategic outlook, providing greater flexibility within a national vision, and increasing support for the identification and development of high-impact programming and pipeline development activities. The Readiness Programme Strategy is focused on: Capacity building for climate finance coordination; Strategic framework for low emission investment; Strengthen adaptation planning; Paradigm-shifting pipeline development.

Specifically, the readiness program has the following five objectives: Capacity building for climate finance coordination; Strategic frameworks for low-emission investment; Strengthened adaptation planning; Paradigm-shifting pipeline development; Knowledge sharing and learning.

There are four areas of support for the readiness program: Strengthening of the NDA; support for direct access entities; definition of strategic frameworks; and, planning processes for adaptation.

Because the GCF does not implement projects directly, but rather through accredited partners who are responsible for implementing activities, the Board has established standards for responsible financial management, environmental and social risk management (safeguards), capacity of gender response and to enforce its Indigenous Peoples Policy. These policies help ensure that GCF funds are spent as intended and in a way that benefits the environment and people, especially vulnerable groups. Resources may be provided in the form of grants and/or technical assistance\textsuperscript{14}.

To be accredited and become a GCF accredited entity, a long and rigorous process must be followed to demonstrate the institutional history and capacity of the potential partner to comply with relevant GCF policies, as well as to execute the type of activities on adaptation and mitigation. The accreditation process is very time and resource consuming application procedure, which can take between 3 months and two years.

The GCF tries to have partners that have a wide range of innovative ideas and the capacity to implement them in the field of climate action. There are two types of implementing partners:

a) International Accredited Entities include multilateral development banks that have already established strong records in promoting the growth of developing countries. GCF’s Accredited Entities, include a broad range of representation from the public, private, and non-profit sectors.

\textsuperscript{13} GCF. 2020. Readiness and preparatory Support Programme guidebook. A practical guide on to prepare a readiness proposal for the Green Climate Fund.

b) Direct Access Accredited Entities include sub-national, national or regional organizations with strong grassroots links to local innovation. Once accredited, these institutions can have direct access to GCF financial resources, without the intervention of an international partner.

This form of work promotes greater appropriation and greater impact of climate finance at country level. Direct access also offers the opportunity to strengthen and develop institutional capacity for the design, implementation and assessment of climate projects in developing countries. Some entities can also be accredited by fast track if they already have accreditation with some entities such as: The Global Environment Facility (GEF), the Adaptation Fund and / or the EuropeAid Cooperation Service (EU Devco)15.

In both cases, the ability and experience to put ideas into practice must be demonstrated, under strong scrutiny of the use of GCF financial resources. The accreditation in the GCF is valid for 5 years, although it can be renewed after a new scrutiny.

The information on the GCF website at the time of writing indicates that there are 97 organizations approved for accreditation; 71 legally signed and 56 accreditation processes completed 16.

The Readiness Programme can provide funds for:

- Up to USD 1 million per country per year for support related to institutional capacity building, coordination, policy and planning, and investment programming. Of this total, NDAs / Focal Points can request up to $ 300,000 per year in direct support to help establish or strengthen an NDA / Focal Point to help the country access the full range of GCF resources. NDAs are advised that they may have multiple readiness grants running simultaneously to ensure that readiness proposals build on past interventions and are complementary and consistent within national strategic development lines.
- Up to USD 3 million per country for the formulation of national adaptation plans (NAPs) and / or other adaptation planning processes. This may include support for sub-national adaptation plans and / or sectoral adaptation planning processes17.

In summary, the Readiness Program is designed to: a) support the NDAs or Focal Points to link up with governments, civil society and the private sector; b) develop strategic frameworks to access Fund resources based on national programs, plans and strategies; c) strengthen regional, national and sub-national entities to comply with the Fund's requirements and accreditation standards, including the rapid accreditation process; and d) support the development of projects and pilot programs that support a paradigmatic shift

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towards low-emission, climate-resilient development. This largely coincides with the responsibilities and functions of the NDA.

The Readiness Programme can support the development of stakeholder engagement processes in relation to country priorities (including support for Country Programmes that identify strategic priorities for engagement with GCF). Such engagement is a priority embedded in the environmental and social management system for GCF and the Environmental and Social Safeguards, Environmental and Social Policy, Gender Policy and Indigenous Peoples Policy of GCF18.

Project proposals must be approved by the country's NDA, and have their letter of no objection, and then proceed to submit the proposal in specific templates that are filled out online.

**Direct Access Entities**

UNFCCC Parties are working on their country program, on the basis of GCF ownership and on the readiness program. For their part, Indigenous Peoples demand participation spaces not only as observers, but also as protagonists, in such a way that they are allowed to participate in the definition of national and own priorities; and ensuring the *due process* of consultation, participate in monitoring of projects. But also, they continue with the demand To direct access.

The GCF can provide capacity building for regional and national organizations (Direct Access entities) seeking accreditation to the GCF, once they are nominated by their local NDA’s. There are three stages to the accreditation after an entity applies: an institutional assessment and completeness check by the Secretariat; a technical evaluation of the applicant’s capacities and track record against GCF accreditation standards by an independent Accreditation Panel and subsequent approval by the Board; and finalization of a legal agreement between the entity and the GCF. Direct access entities must also get approval from the relevant developing country when they apply, and they can request funding to prepare for accreditation.

These processes represent enormous complications for IPOs, in this case, not only to comply with GCF requirements, but also to comply with other financial entities. In a workshop held by the Fund for the Development of the Indigenous Peoples of Latin America and the Caribbean (FILAC) and International Fund for Agricultural Development (IFAD) in Panama City, in December 2018, the indigenous representatives expressed that their administrative, financial and accounting capacities have only allowed them to have experience in handling donations of no more than 100,000 USD. That is one reason why many times they must resort to triangulating the funds, that is, using a third party to administer the funds. This causes financial resources to flow far away from IPs.

To show that situation, we just have to review the GCF website, regard the number of projects by access modality indicates the direct access regional entities has 8%; direct access national

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entities has 13%; and international organizations has 79%. The Board wants to change or lower that trend.19

Conclusions and recommendations

- It is extremely important to promote rapprochement between IP networks and NDAs and establish commitments with Accredited Entities to strengthen country ownership.
- Seek contact and support from the Country Programming Division (DCP). They should help developing countries access funds by improving their readiness, and accompany the accreditation process, especially from direct access entities.
- It is suggested that Tebtebba continue with activities similar to those held in Bangkok from 4-8 February 2016, to strengthen IPO management on climate finance issues.
- It must be ensured that indigenous peoples have an active, full and effective participation in policy board meetings and relevant submissions of governance bodies to lobby and bring up issues of their concerns.
- Indigenous Peoples observers in governance bodies of funds / programs and projects should be appointed, along with other stakeholders such as NDA, UN agencies, NGOs, CSOs, Technical experts, private sector, among others.
- Approval of dedicated grants / capacity building funds for IPs / LCs.
- Maintain continuous dialogues with IPs and multilateral bodies, State parties, UN agencies, policy board members to sensitize them on IP priorities / concerns for their support.
- Give support for continuing capacity building activities for IPs / LCs.
- Ensuring environmental and social safeguards, and accessible grievance mechanisms.
- Ensuring the respect and recognition of IP rights and traditional knowledge in all climate change adaptation / mitigation measures.
- There is lack of translated materials in languages other than English (at least Spanish and French are needed).

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### Acronyms

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<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>COP</td>
<td>Conference of Parties</td>
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<td>CSO</td>
<td>Civil Society Organizations</td>
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<td>GCF</td>
<td>Green Climate Fund</td>
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<td>IIPFCC</td>
<td>International Indigenous Peoples Forum on Climate Change</td>
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<td>IP</td>
<td>Indigenous Peoples</td>
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<td>Intergovernmental Panel on Climate Change</td>
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<td>IPO</td>
<td>Indigenous Peoples Organizations</td>
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<td>LCIPP</td>
<td>Local Communities and Indigenous Peoples Platform</td>
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<td>NDA</td>
<td>National Designated Authorities</td>
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<td>SAP</td>
<td>Simplified Approval Process</td>
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<td>SBSTA</td>
<td>Subsidiary Body for Scientific and Technological Advice</td>
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<td>UNFCCC</td>
<td>United Nation Framework Convention on Climate Change.</td>
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