



GCCA Global Learning Event 2012

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Background document

Aid delivery modalities and approaches: GCCA experience

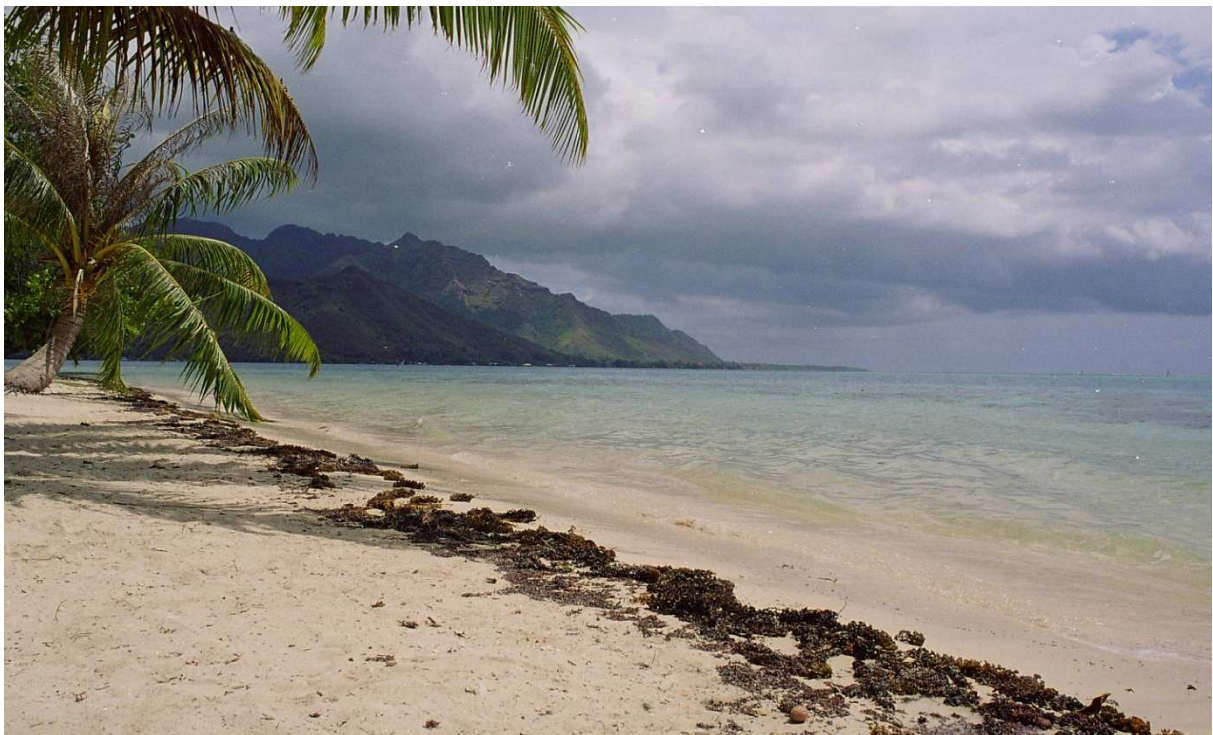


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1. Background, scope and objective

The EU is taking decisive action on addressing climate change and making it an integral part of EU development aid. In 2007, it established the Global Climate Change Alliance (GCCA), its flagship initiative to strengthen dialogue, exchange of experiences and cooperation on climate change with developing countries most vulnerable to climate change, in particular the Least Developed Countries and the Small Island Developing States.

Since its inception, EU GCCA funding has been used to formulate and implement programmes aimed at addressing climate change in a range of different countries and contexts. As part of knowledge management efforts, the GCCA has prepared a series of five papers (“background documents”) intended to inform the Global Learning Event to take place in Brussels in September 2012.

The objective of the background documents is primarily to identify key insights, emerging lessons and challenges arising from GCCA experience in the formulation and implementation of interventions. Observations are presented and discussed, with occasional references to international knowledge and experience, to support the collection of additional or more detailed insights and to inform better practice. Note that they do not constitute and should not be interpreted as an evaluation.

The papers have been prepared using available information on GCCA-supported interventions. This includes documents prepared during project formulation, updates provided by EU Delegations, from a small number of visits to GCCA-supported interventions undertaken by members of the GCCA Global Support Facility (GSF), and during specific side events held during the series of regional workshops on “Mainstreaming climate change into national development planning and budgeting” in the Pacific, Africa, Asia and the Caribbean. It is acknowledged that these approaches to information collection are not comprehensive, and that as such, the compiled descriptions and analysis of GCCA-supported interventions, on which these papers are based, may contain errors and/or omissions. As such, the papers are presented as a basis and framework to collect information, experience and knowledge from those most directly involved in GCCA-supported interventions across the initiative. The information, experience and knowledge collected at the Global Learning Event will then directly provide the material to prepare the forthcoming publication “GCCA achievements and lessons learned” that will be presented at the Qatar Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC) in November 2012.

This paper addresses the aid delivery modalities and approaches used by the GCCA.

2. Overview of GCCA-supported interventions

2.1 Applying the aid effectiveness principles

The GCCA recognises that climate change financing, while it is distinct from official development assistance, does have strong similarities as it involves the transfer of large volumes of finance for specific objectives across national boundaries. In this regard, the GCCA seeks to apply lessons learned from the last 50 years of development experience as expressed in the Paris Declaration (2005), the Accra Agenda for Action (2008), and, in particular, the Climate Finance Building Block articulated at the 4th High Level Forum on Aid Effectiveness in Busan in December 2011 (EC, 2008a; EU, 2012). These lessons primarily relate to **ownership, alignment, harmonisation, delivering for results and**

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mutual accountability. This commitment to aid effectiveness translates into a range of delivery modalities and approaches, such as joint programming, financing and management between the European Commission (EC), EU Member States and other donors, a preference for participation in sector approaches and for budget support, where the national context supports this, and a strong focus on climate change mainstreaming into national and sector development planning and budgeting, which ensures that climate change is addressed in a systematic, long term and sustainable way, which can also pave the way for future budget support.

2.2 Using a full range of approaches and financing modalities

The GCCA uses the full range of available financing and aid modalities and approaches. In line with European Union (EU) practices, the GCCA uses the following aid delivery modalities: project approach, sector policy support programmes (also using the project approach), and (sector or general) budget support. Sectors can thus be supported through a project or sector budget support.

Table 1 – Overview of aid modalities used for GCCA country programmes

Project approach	Sector programme	Sector budget support	General budget support
Belize (†) (‡)	Bangladesh (†) (‡) (v)	Bhutan (*) (‡)	Lesotho (*) (‡)
Benin (†)	Cambodia (†) (v)	Guyana (*) (‡)	Mauritius (*) (‡)
Burkina Faso (†) (‡)		Rwanda (*) (‡)	Seychelles (*) (‡)
Central African Republic (†) (‡)		Samoa (*) (‡)	Solomon Islands (*) (‡)
DR Congo (†)			
Ethiopia (†) (‡)			
Jamaica (†)			
Lao PDR			
Maldives (†) (v)			
Mali			
Mozambique (†)			
Nepal (†) (‡)			
Papua New Guinea (†) (‡)			
Senegal			
Sierra Leone			
Tanzania			
The Gambia			
Timor-Leste (†)			
Uganda (†) (‡) (v)			
Vanuatu (†)(‡)			
(‡) Direct contribution to the implementation of an existing <u>national</u> programme or strategy (†) Multi-donor initiative: joint financing and/or management arrangements (v) Contribution to a multi-donor pool or trust fund (*) Budget support			

The GCCA currently supports 20 national and 8 regional interventions based on the **project approach** (as presented in Table 1), with more in preparation. These interventions, which are described in the other technical papers, span a wide range of sectors and contribute to the five priority areas of the GCCA.

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For regional programmes, project support is used by default as there are no ‘sector approaches’ or budget support at regional level. Regional programmes may nevertheless contribute to wider, multi-donor initiatives, as is the case for instance with support for the pan-African Climate for Development (ClimDev) initiative, to the programme on climate change adaptation and mitigation in southern and eastern Africa, and to the Mekong River Commission’s Climate Change Adaptation Initiative.

Six GCCA programmes are based on the **sector approach** (see Table 1)¹. These are in Bangladesh, Bhutan, Cambodia, Guyana, Rwanda and Samoa. Four of these interventions (Bhutan, Guyana, Rwanda and Samoa) receive sector budget support. These interventions, which are also described in the other background papers, between them contribute to four of the five priority areas of the GCCA, namely adaptation, disaster risk reduction, mainstreaming of climate change into poverty reduction and development efforts, and reducing emissions from deforestation and forest degradation. The sector programmes supported through these interventions are related to agriculture and rural development (Bhutan), climate change adaptation in general (Cambodia), mangrove-based coastal zone protection (Guyana), land use management (Rwanda), and water and sanitation (Samoa – see Box 1). In Bangladesh, the supported programme is multi-sectoral and addresses both adaptation and mitigation.

Box 1: GCCA experience – Budget support in Samoa, building on a sector approach

In **Samoa**, the transition of support to the water sector, under the 10th EDF, from the project approach to a sector approach with budget support is deemed to have contributed positively to the development of planning and implementation capacity, and to have further embedded water sector planning, budgeting and institutional processes within Government’s systems. This ‘acquis’ facilitates the use of sector budget support for the GCCA-funded programme.

Four GCCA programmes use **general budget support** (see Table 1) to mainstream climate change into national development policies. Interventions in Mauritius and Seychelles also support energy-based mitigation including enhanced participation in the Clean Development Mechanism (CDM). In the foreseen intervention in Lesotho, the focus of the adaptation-related component is primarily on agriculture, while energy is the focus of the mitigation-related component. In the Solomon Islands, the focus is on adaptation (across various sectors and notably in the transport sector) as well as disaster risk reduction.

Besides the budget support programmes, sixteen GCCA programmes contribute to **multi-donor initiatives** by joint financing and/or managing activities with other donors, or contributing to a multi-donor pool or trust fund operated or supported by multiple donor agencies. Pooled funds may make more or less extensive use of national procedures. Some have accounting and reporting procedures modelled on government accounting systems, with limited adaptations to procurement rules, with the structure of reporting and disbursement processes complying with the financial regulations of key donors. Others are governed by the established procedures of one donor or of an international organisation (EC, 2007). GCCA financing is also used in some cases as a **direct contribution to the**

¹ The information presented in Table 1 to Table 4 is extracted from a more detailed Annex to the background documents, developed on the basis of documents prepared during project formulation, updates provided by EU Delegations, from a small number of visits to GCCA-supported interventions undertaken by members of the GCCA Global Support Facility (GSF), and during specific side events held during the series of regional workshops on “Mainstreaming climate change into national development planning and budgeting” in the Pacific, Africa, Asia and the Caribbean. The complete Annex for this paper will be available in hardcopy at the Global Learning Event, while each individual entry will be shared in advance of the Global Learning Event with the appropriate national / (sub) regional delegate(s) for their review and comment.

implementation of an existing national programme or strategy. This is the case for nine projects or sector programmes, on top of the eight budget support programmes that the GCCA is supporting, as highlighted in Table 1.

The GCCA can also support the preparation of countries to receive budget support, as illustrated in Box 2.

Box 2: GCCA experience – Preparing for budget support

GCCA activities in **Nepal** include carrying out detailed economic and social appraisal, as well as governance and fiduciary risk assessment. These have been undertaken with a view to addressing public financial management and other weaknesses and enabling the country to receive future climate-related funding in the form of sector budget support rather than project support.

In the **Pacific**, the preparation of ‘adaptation roadmaps’, by helping countries develop a more strategic approach to addressing climate-related challenges, is also expected to facilitate future eligibility to budget support.

More specific actions, related in particular to public financial management, can also contribute to preparation for budget support. For example, the GCCA has supported Climate Change Public Expenditure and Institutional Reviews (CPEIRs) in **Cambodia**, and **Samoa** and extracted lessons from CPEIRs in Bangladesh and Nepal.

3. GCCA insights and emerging lessons

In this section, the experiences described above are clustered under broad themes and general findings, discussed in the light of international experience, in particular the aid effectiveness agenda.

3.1 Aligning with national strategies, systems and procedures

GCCA programmes are designed to align with national priorities and support ongoing national initiatives. As shown in Table 2, many GCCA interventions including project-based ones directly contribute to the implementation of existing national programmes and strategies – or support the development of new ones in partnership with national stakeholders, for instance in the context of REDD+ or integrated coastal zone management.

Table 2 – GCCA programme contributions to existing national programmes or strategies

GCCA intervention in:	Based on:	Contributes to:
Belize	Project approach	Implementation of the National Adaptation Strategy to Address Climate Change in the Water Sector
Burkina Faso	Project approach	Implementation of the National Rural Sector Plan
Central African Republic	Project approach	Implementation of the national REDD+ strategy in the southwestern region
Ethiopia	Project approach	Implementation of the Climate Resilient Green Economy strategy, the national Climate Change Adaptation programme, and the Sustainable Land Management programme

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GCCA intervention in:	Based on:	Contributes to:
Nepal	Project approach	Mainstreaming of NAPA-prioritised activities through the national framework of Local Adaptation Plans for Action
Papua New Guinea	Project approach	Implementation of national REDD readiness plan
Uganda	Project approach	Implementation of the NAPA, operationalisation of two climate-related objectives of the 2010 National Development Plan
Vanuatu	Project approach	Implementation of measures identified in the NAPA
Bangladesh	Sector approach	Implementation of the Bangladesh Climate Change Strategy and Action Plan
Bhutan	Sector approach	Implementation of the Renewable Natural Resources sector programme/five-year plan
Guyana	Sector approach	Implementation of the National Mangrove Management Action plan
Rwanda	Sector approach	Implementation of the Strategic Roadmap for Land Tenure Reform and the Strategic Plan for Environment and Natural Resources
Samoa	Sector approach	Implementation of the Water for Life sector plan
Lesotho	Global approach	Implementation of the environment and climate change priorities of the National Strategic Development Plan
Mauritius	Global approach	Implementation of the 'Maurice Île Durable' sustainable development strategy
Seychelles	Global approach	Implementation of the Seychelles National Climate Change Strategy and the Seychelles Sustainable Development Strategy
Solomon Islands	Global approach	Implementation of some NAPA priorities and the National Disaster Risk Management Plan

A similar approach (of aligning with regional priorities and complementing regional initiatives) is pursued at the regional level. For instance, the GCCA supports the **ClimDev** initiative, managed by the African Climate Policy Centre and promoted by the African Union, the UN Economic Commission for Africa and the African Development Bank; the **Programme on climate change adaptation and mitigation in Eastern and Southern Africa**, managed by the Climate Change Unit of the Common Market for Eastern and Southern Africa (COMESA) in partnership with the East African Community (EAC) and the Southern African Development Community (SADC); the **Mekong River Commission's Climate Change Adaptation Initiative**; and implementation of some priorities of the **Pacific Islands Framework for Action on Climate Change (PIFACC)**, through support for the Secretariat of the South Pacific (SPC) and the Secretariat of the Pacific Regional Environment Programme (SPREP).

3.2 Understanding and strengthening institutions in support of alignment and ownership

A complex institutional framework, overlapping institutional mandates, lack of coordination between actors, overstretched staff resources, high staff turnover, limited management and technical capacities, insufficient financial resources as well as recruitment freezes, slow recruitment or the absence of any budget for travel can all hinder the country's efforts to develop its own national priorities and systems to deal with climate change as well as to implement and monitor a GCCA programme. Therefore strengthening institutions and capacities is a pre-requisite for improving alignment with national priorities and systems (see Section 3.1); for achieving increased levels of

ownership and leadership by partner countries; and for enhancing the effectiveness, efficiency and sustainability of GCCA interventions more broadly.

Box 3: GCCA experience – Reviewing the institutional needs

The GCCA is supporting the analysis of climate-related governance and institutional arrangements through Climate Public Expenditure and Institutional Reviews (CPEIRs) in **Cambodia** and the **Pacific**.

These CPEIRs recognise that climate change is a challenging field in terms of governance and institutional arrangements, and bring in external experts to analyse the large number of government and non-state actors to be involved in climate change governance at the national level.

The results of the CPEIR however depend on extensive country input and ultimately provide country authorities help to determine their own capacity needs. Technical assistance in the completion of CPEIRs therefore ultimately serves to strengthen country ownership

Institutional strengthening and capacity development is a long-term, relatively slow process which both requires and fosters country ownership and leadership, with national actors driving initiatives and donors only playing a supportive role (OECD, 2006; EC, 2008b). The GCCA supports this process through ongoing dialogue, by recognising and emphasizing the national partners' leading role (involving them, from programme identification onwards, in the review of institutional and capacity needs and the best ways of supporting them); by defining realistic institutional and capacity development targets; by developing a shared view of key constraints and opportunities; and by playing a catalytic role, facilitating dialogue between domestic stakeholders, or supporting coalitions of stakeholders willing to promote change. Examples of such needs assessment and targeted support are presented in Box 3.

Box 4: GCCA experience – Complementing budget support with targeted technical assistance

In **Bhutan**, a provision was made in the programme budget, outside the budget support component, for the recruitment of technical assistance to help mainstream the Renewable Natural Resources-Climate Change Adaptation Action Plan into the 11th Five Year Plan.

In **Lesotho**, a substantial provision has been made outside the budget support component to provide technical assistance for preparation of policy/strategy documents and improved sector coordination. Technical assistance with a capacity building mandate will be available to support the development of a national climate change adaptation and mitigation strategy and a national strategy for renewable energy, while the institutional arrangements for managing these new areas of competence are gradually established.

In **Mauritius**, a (more modest) envelope was also earmarked from the beginning for technical assistance to support the development of a policy and guidelines on sustainable buildings, and the development of a building energy efficiency rating system.

Technical assistance can be a valuable tool for providing policy advice and/or expert advice for implementation, thereby supporting national capacity development with a focus on 'learning by doing', at organisational and/or individual levels. Where possible implementation arrangements and related technical assistance are integrated within national structures and designed to complement, not substitute, national expertise, with mechanisms in place through which knowledge and know-how can be transferred to permanent staff. Examples of this are presented in Box 4.

3.3 Achieving greater harmonisation through joint financing, programming and/or management

As shown in Table 3, a significant proportion of GCCA programmes are **jointly financed, programmed, and/or managed** with other donors, which supports the harmonisation principle. Several GCCA regional programmes also contribute to **multi-donor initiatives**. This is the case, for example, with the pan-African **ClimDev** initiative; the **COMESA-EAC-SADC programme** in eastern and southern Africa; and the **Mekong River Commission’s Climate Change Adaptation Initiative**.

Two GCCA project-based interventions, as well as two sector-based ones, contribute to **multi-donor funds** (see Table 4) – three of which are climate change-related funds expected to lay the foundations for nationally-owned climate change trust funds. These multi-donor trust funds are seen as intermediate structures, set up to develop and test management mechanisms and build capacities in view of a future transfer to fully nationally-owned systems. Contributing to such multi-donor funds thus supports both harmonisation and alignment objectives.

Table 3 – Joint management and co-financing of GCCA programmes

GCCA intervention in:	Based on:	Is managed with or by:	Is co-financed by:
Belize	Project approach	UNDP	UNDP
Benin	Project approach	UNDP	UNDP
Burkina Faso	Project approach	World Bank	World Bank
Central African Republic	Project approach	AFD	
DR Congo	Project approach	CIFOR	
Ethiopia	Project approach	AFD and GIZ	
Jamaica	Project approach	UNEP	UNEP
Maldives	Project approach	World Bank	World Bank, AusAid
Mozambique	Project approach	Danida	Danida
Nepal	Project approach	DFID	DFID
Papua New Guinea	Project approach	FAO	UN-REDD
Timor-Leste	Project approach	IPAD, GIZ	
Uganda	Project approach	FAO	
Vanuatu	Project approach	World Bank	World Bank
Bangladesh	Sector approach	World Bank	World Bank, Denmark, Sweden, UK, Switzerland
Cambodia	Sector approach	UNDP	UNDP, Denmark, Sweden

Table 4 – GCCA contributions to multi-donor funds

GCCA intervention in:	Based on:	Contributes to:
Maldives	Project approach	Climate Change Trust Fund
Uganda	Project approach	Joint donor basket fund for the water sector
Bangladesh	Sector approach	Bangladesh Climate Change Resilience Fund (BCCRF)
Cambodia	Sector approach	Cambodia Climate Change Alliance Trust Fund

The experience in **Bangladesh** shows that it takes a lot of time and energy to set up a multi-donor trust fund, as procedures must be harmonised and management mechanisms put in place. Ensuring

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that the fund administrator has enough in-country staff presence is essential as is sorting out as many details as possible during the programme preparation phase.

Similar feedback has been received from the **Cambodia** Climate Change Alliance (CCCA) Trust Fund. Different rules and procedural requirements of different donors can create significant delays in implementation, in this case notably for the contracting of coastal zone adaptation activities. Addressing these issues much earlier would have had a significant benefit to the trust fund.

In the **Maldives**, the administrative procedures of the World Bank (which apply to the fund) have been perceived as lengthy and demanding.

Significant opportunities for procedure harmonisation exist in relation to the management of multi-donor trust funds, which in some cases (e.g. Cambodia CCCA Trust Fund, Bangladesh Climate Resilience Fund) seem to experience difficult inception as a result of differences in the financial procedures of the various donors involved. Additional opportunities also exist at the level of programme preparation (e.g. it might have been possible to avert the emergence of two ‘parallel’ multi-donor climate change trust funds in Cambodia either by contributing to the Pilot Program for Climate Resilience (PPCR) or by selecting alternative support modalities).

3.4 Managing for results

The performance assessment framework (PAF) is a critical document for managing for results. For project-based interventions (as well as sector-based ones using EC financial procedures), the logical framework typically constitutes the PAF for reference. The logical framework provides the foundation for the monitoring framework of many GCCA interventions. Investing sufficient time in logical framework development during project identification and formulation, with a commitment to revise it as the project proceeds, generally provides a good basis for managing for results.

‘Managing for results’ is especially critical for budget support programmes, which need to demonstrate the contribution of ‘bulk’ financial transfers to tangible achievements. Annex A summarises which criteria were selected to assess overall performance and to trigger payment of the variable tranches in the four GCCA programmes which use sector budget support (SBS). Similarly, **Annex B** summarises the criteria selected to assess overall performance and to trigger payment of the variable tranches, in light of declared objectives of general budget support (GBS) programmes.

The four GBS programmes make use of process indicators/criteria², such as the setting up of new management and coordination structures or adoption of a new policy, law or regulation. In contrast, the four SBS programmes make use primarily of output indicators/criteria. However, the **Bhutan** programme stands out by selecting relatively ambitious outcome indicators/criteria for the last two years of the programme, measuring in concrete terms the implementation of agricultural practices that reduce vulnerability and/or reduce greenhouse gas emissions. This contrast suggests that SBS programmes have a closer focus on the implementation of concrete adaptation and mitigation measures, whereas GBS programmes are more focused on institutional strengthening. In GCCA budget support programmes, **the chosen criteria and targets appear to be precisely defined**. Some targets are measured in quantitative units that do not leave much room for subjective

² There is only one exception: in the GBS programme of the Solomon Islands, the criterion related to attendance of training in relation to climate change or disaster risk reduction by officials of various government agencies could be considered as an output indicator (it is an output if one considers that training attendance is an intermediate result in institutional capacity strengthening).

interpretation (e.g. kilometres of drainage infrastructure rehabilitated as in the **Samoa** programme), especially if accompanied by a specification of technical standards. Where the target is expressed in terms of a less directly measurable output (e.g. substantially improved statistical system in **Bhutan**) or a milestone (e.g. adoption of a renewable energy strategy in **Lesotho**), additional details are usually provided to specify minimum quality criteria or requirements in terms of content. There are however a few exceptions to this precise approach to the definition of criteria – in particular, it is difficult to set objective criteria to determine from which point climate change can be considered ‘mainstreamed’ in a given sector strategy. In some cases the specific disbursement criteria reflect all the facets of the announced objective(s), but in other cases (especially in SBS programmes in our small sample), they only focus on one component of the objective(s).

Selecting suitable disbursement criteria for budget support programmes is an arduous task, and can be subject to intense and difficult negotiations – a process that is made more challenging if it has to occur within a very limited timeframe. Adequate time allocation for initial indicator/criteria development can help avoid future conflicts, as can the adoption of national indicator/criteria, which also serves to support the principle of alignment in aid effectiveness.

3.5 Improving programme management practices

The implementation of appropriate financing and aid delivery modalities and approaches also requires strong management practices.

Timelines can be quite short between the moment funding is earmarked for a programme and the moment a detailed programme proposal must be submitted for financial commitment. Hastened identification and formulation processes can lead to problems at the time of implementation – and also fail to generate sufficient ownership on the side of national partners.

Over the years, this issue has been addressed and time allocated for identification and formulation of GCCA programmes has increased from six to nine months to twelve to eighteen months.

In addition, there are good examples, presented in Box 5, where GCCA programmes have understood the risks associated with (too) rapid programme preparation, and adopted downstream measures (i.e. extensive consultation) to mitigate their impact.

Box 5: GCCA experience – Managing calls for proposals

Although GCCA funding was allocated to **Tanzania** in 2008, the successful grant contracts from the call for proposals were not signed until September 2011. The delay was in part due to the high level of interest in the call, which attracted 99 concept notes in the first round. An extensive consultative process (for preparing guidelines and then for assessing proposals), although a strength, is inevitably time-consuming. In the future, to speed up the selection of projects, clearer, more tightly defined criteria and conditions may have to be formulated, targeting the most appropriate service providers and streamlining the overall process.

Maldives similarly reports on the value of sustained consultation and engagement with the government and all stakeholders – and on the potentially lengthy and difficult process for selecting projects. Insufficient in-country presence by donors and the programme administrator is however a significant obstacle to the selection process.

In contrast, there are often significant **delays between the formulation of a programme and the start of its implementation**, which may lead to the loss of critical momentum, examples of which are illustrated in Box 6. In addition, circumstances may significantly have evolved, if one and a half or two years elapse between these two phases of the project cycle.

Box 6: GCCA experience – Delays in programme implementation

GCCA experience to date suggests the smallest gap between formulation and implementation is when activities build on existing initiatives. For example, the GCCA programme in **Jamaica** consists of three different components. The GCCA financing agreement was signed in October 2010, with funds reaching Jamaica in February 2011. By April 2011 the Forestry Department was already actively implementing one of the components, as this was based on implementation of activities already included within their own strategic plan. However, the other two components have experienced delays associated with mobilisation from a much lower starting point. This example highlights the advantages of working with on-going activities in country, and the resulting reduced delay between formulation and implementation.

The implementation of programmes in the **Pacific Region** managed by both SPC and the University of the South Pacific has been delayed due to a need to recruit necessary focal points in each of the selected pilot countries and the need to go through political approvals for each pilot project. This highlights the potential additional delays between formulation of a programme and the start of its implementation when activities are funded in multiple countries across regions.

Where the project modality is used, in particular, there may not be much scope for reducing the time dedicated to procurement or the organisation and completion of calls for proposals – nevertheless, delays may perhaps be reduced by preparing guidelines and tender dossiers as early as possible in the process, by improving quality assurance procedures to minimise administrative and procedural errors that entail delays, and by effectively managing operations.

The period between formulation and implementation can however be an opportunity to sort out institutional and management arrangements so that all necessary structures are in place when funding becomes available. This notably applies to the setting up of management arrangements for multi-donor funds, addressing the issues raised earlier in Section 3.3.

A few organisations involved in the implementation of GCCA programmes, based on both project and programme-based approaches, have reported difficulties in actually receiving the funds from the designated national authority in country. Problems linked to poor inter-service coordination may arise when the body that manages external funds (e.g. Ministry of Finance, Ministry in charge of external cooperation, NAO³) is different from the body in charge of technical implementation.

In most cases, it is likely that current GCCA activities financed as **projects** will require at least five years to implement, which is equal to the current maximum duration under the EC rules and procedures. This is in part due to the fact that most programmes (GCCA-funded and others)

³ National Authorising Officer. In the context of the European Development Fund (EDF), the authority designated by the government to ensure the coordination, programming, supervision, regular monitoring and reporting on the implementation of EDF funding. The NAO organises tenders, signs contracts, validates and authorises expenditures, makes payments, and generally assumes responsibility for the contracting and disbursement of EDF funding provided under decentralised management procedures. With the exception of some resources provided by the GCCA Intra-ACP Programme for regional programmes, GCCA resources do not originate from the EDF but from the EU budget. Nevertheless, considering their experience with EC financial procedures and their central role in the coordination of external assistance (typically from multiple donors), NAOs are frequently the channel through which GCCA funds are disbursed in ACP countries.

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experience a slow start before operations gather pace. At the same time, a relatively long time horizon may be a disincentive to effectiveness during the first years.

On the other hand, GCCA programmes financed through **budget support** tend to have shorter timelines. SBS varies with activities in **Bhutan** scheduled from late 2012 to late 2016 and activities in **Guyana** scheduled for a full five years from December 2009 to December 2014. In **Rwanda**, SBS was only scheduled to last 24 months from April 2010 to April 2012. In **Samoa**, the SBS programme has a duration of 36 months from July 2012. GBS is more predictable with almost all programmes lasting 36 months, which also aligns with EC guidance. Nevertheless, there are often significant delays in the initial approval of GBS, as discussed in Section 3.4.

3.6 Promoting access to other sources of climate finance

Significant amounts of climate change finance are available. As of May 2012, just under US\$33 billion had been pledged in no less than 25 multilateral funds (www.climatefundsupdate.org). Significant (although more difficult to estimate with precision) amounts of climate finance also flow through bilateral official development assistance channels, and in relation to private sector investment, voluntary carbon offsets and the Kyoto Protocol's CDM. However, accessing these fragmented resources remains very difficult, especially for poor and least developed countries that are less likely than others to attract private investment, and lack capacities to manage the lengthy and often complex procedural requirements associated with applications for climate finance resources. The climate finance landscape may get a bit simpler in the future, when the Green Climate Fund (formally established at the Durban Conference of the Parties) becomes operational and channels a significant proportion of multilateral (and probably other) climate change funding. In the meantime, accessing climate finance remains challenging and costly for many developing countries.

GCCA resources are limited, and the GCCA is not the largest source of funding for climate change adaptation and mitigation.⁴ However, **GCCA programmes can and do support least developed countries (LDCs) and small island developing states (SIDS) in accessing and utilising other sources of climate change finance, including market-based mechanisms.** This support can take different forms, such as preparation for participation in REDD+; technical support for enhanced access to the CDM and voluntary carbon markets; strengthening of planning capacities, public financial management and reporting/monitoring systems, laying the foundation for climate-related budget support; or the setting up of multi-donor funds paving the way for nationally-owned climate change trust funds. At international level, the GCCA can also play a role in informing international negotiations on climate change, notably with regard to the definition (currently under way) of management arrangements and procedural rules for the Green Climate Fund.

To ensure continued impact in LDCs and SIDS, many of which are just now beginning to benefit from GCCA interventions, it will be important to ensure adequate resources for the GCCA under the next EU financial framework for the 2014-2020 period. Simultaneously, efforts should continue to use GCCA interventions to leverage access to other sources of funding, with an increased focus on market mechanisms, private sector funding and innovative financial mechanisms such as those that blend grants and loans (like the EU regional blending facilities: the EU-Africa Infrastructure Trust Fund (ITF) and Investment Facilities for the Neighbourhood (NIF), Latin America (LAIF), Central Asia (IFCA), Asia (AIF), the Caribbean (CIF) and the Pacific (IFP), and their specific climate change

⁴ The EU as a whole, however, has been the largest contributor of climate finance flows to developing countries since well before the Copenhagen conference – and is the largest contributor of fast start finance pledged to support immediate action on climate change in developing countries.

windows), or combine public and private resources (e.g. the Global Energy Efficiency and Renewable Energy Fund (GEEREF) initiated by the EU).

3.7 Choosing the right aid modality

In conclusion, the choice of financing and aid delivery modalities and approaches for GCCA programmes must be driven by principles of aid effectiveness, combined with a realistic assessment of the context in which a programme is to be implemented, and also an assessment of how well different aid modalities may serve specific objectives (e.g. budget support may not be suitable to reach non-state actors – but it supports high-level policy dialogue on climate change and provides incentives for institutional strengthening as well as climate change policy development, mainstreaming and/or implementation).

These assessments are made in partnership with national authorities. The GCCA will continue to promote the use of sector and general budget support where conditions for their use are favourable, while preparing the ground for their future use where conditions are not yet met, and striving to apply aid effectiveness principles under all modalities.

4. Topics for further discussion at the GCCA Global Learning Event

Which aid delivery modalities and/or approaches are being used in your GCCA programme? How are things being done? What are the challenges, and how are they being tackled? What are the lessons learned to date? Do you have practical examples (e.g. studies, policies or plans) or stories to share? More specifically:

1. In your opinion, what modalities and/or approaches have proven most successful in promoting alignment between the GCCA-supported intervention and national strategies, systems and procedures?
2. Are disbursement criteria for GCCA budget support programmes based on existing (national or sectoral) indicators? Can you provide examples of such indicators? From which national system(s) are they coming?
3. How is the GCCA programme being coordinated (harmonised) with other donor-funded initiatives on climate change in your country or region? What is the role of the country in this coordination?
4. Which programme management issues did you encounter with your GCCA programme? What concrete suggestions can you offer that would assist with improving programme management practices? (e.g. sharing of good practices across the GCCA in managing the Call for Proposals process; provisioning for long-term or short-term technical assistance).

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Annex A: GCCA sector budget support (SBS): objectives and disbursement criteria

Programme	Specific objective(s)	Specific disbursement criteria
Bhutan	<p>Ensure climate change readiness of the Renewable Natural Resources (RNR) sector by:</p> <ul style="list-style-type: none"> mainstreaming climate change into the sector ensuring steps are taken towards increasingly addressing climate change adaptation at multi-sectoral level <p>Expected outcomes:</p> <ul style="list-style-type: none"> Reduced vulnerability to water stress and/or scarcity of clean water, and/or strengthened capacity of water sector institutions and communities to respond to climate variability/change Reduced contribution to climate change through reduced methane emissions from the RNR sector 	<p>Year 2: Monitoring and evaluation of the action plan for climate change adaptation successfully integrated into the National Planning and Monitoring System; software programme to automatically relate expenditures to planning created; quality of the national RNR statistical system (national agriculture census/projections) substantially improved to provide timely, accurate and reliable information for monitoring and evaluation of RNR and climate change (<i>output</i>)</p> <p>Years 3-4:</p> <ul style="list-style-type: none"> Number of districts, communities, farms and households participating in water saving schemes, storage facilities and recycling mechanisms (<i>outcome</i>) Number of farmers adopting sustainable land management practices (<i>outcome</i>) Proportion of rice-cultivating areas growing rice varieties which are more climate change-resistant and less methane-producing (<i>outcome</i>) Number of farmers adopting high-yielding livestock breeds and pasture development for reducing methane production (<i>outcome</i>) Amount of methane re-used for fuel purposes through adoption of integrated livestock-biogas initiatives (<i>outcome</i>) <p><i>Note: Variable tranche = 38.7% of total budget support</i></p>
Guyana	<p>Abate climate change (carbon sequestration through reforestation and forest preservation) and mitigate its effects (sea defence, biodiversity) through support for the National Mangrove Management Action Plan</p>	<p>Year 2:</p> <ul style="list-style-type: none"> Report by Steering Committee before July 31 on implementation of mangrove action plan (<i>process</i>) Mangrove or mangrove + protective infrastructure in place for specific length A of coastline (<i>output</i>) <p>Year 3:</p> <ul style="list-style-type: none"> Report by Steering Committee before July 31 on implementation of mangrove action plan (<i>process</i>) Mangrove or mangrove + protective infrastructure in place for specific length B of coastline (<i>output</i>) <p><i>Note: Variable tranche = 40.9% of total budget support</i></p>
Rwanda	<p>Contribute to the implementation of the</p>	<p>Year 2: Number of plots demarcated and</p>

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Programme	Specific objective(s)	Specific disbursement criteria
	Strategic Road Map for Land Reform, which aims to put in place a land tenure system that guarantees tenure security for all Rwandans and gives guidance to the necessary land reforms with a view to good management and rational use of national land resources	adjudicated (baseline 2009 = 30,000; target 2010 = 500,000; target 2011 = actual 2010 + 500,000) (output) ⁵ <i>Note: Variable tranche = 49.5% of total budget support</i>
Samoa	<ul style="list-style-type: none"> Strengthen the integration of climate change adaptation into the updated Water for Life Sector Plan 2012-16 Mitigate the impact of flooding in central Apia through rehabilitation of priority drainage infrastructure and introduction of an effective maintenance programme 	Year 2: <ul style="list-style-type: none"> Maintenance plan developed for all major drainage infrastructure, and asset management systems for drains established⁶ (output) 20 km of off/on road drainage rehabilitated through outsourcing to private contractors under the supervision of Land Transport Authority (output) Year 3: <ul style="list-style-type: none"> 3.2 km of off/on road drainage reconstructed through outsourcing to private contractors under the supervision of Land Transport Authority (output) <i>Note: Variable tranche = 50% of total budget support</i>

⁵ The final expected outcome of the land tenure reform programme is to have 100% of privately owned land held under registered title – however this could not be achieved within the duration of the budget support programme. The proposed indicator ‘better captures the immediate effort undertaken by the government’.

⁶ This condition also applies to the disbursement of the second fixed tranche.

Annex B: GCCA general budget support (GBS): objectives and disbursement criteria

Programme	Specific objective(s)	Specific disbursement criteria
Lesotho	<p>Contribute to setting up the required policy and institutional framework to reverse environmental degradation and adapt to climate change, through the finalisation of:</p> <ul style="list-style-type: none"> • a national climate change policy and strategy • a national sustainable energy strategy • required policy and institutional frameworks to support implementation of policies and strategies 	<p><i>There is no variable tranche in this foreseen programme. Special conditions apply to the payment of the fixed tranches.</i></p> <p>1st tranche:</p> <ul style="list-style-type: none"> • Completion of zero draft chapter/implementation strategy for environment and climate change with related Public Sector Investment Programme by the National Strategic Development Plan Secretariat, in consultation with the Technical Working Group and endorsed by Cabinet (<i>process</i>) • First meeting of the ‘sector’ coordination group has taken place and working group nominated to draft terms of reference of the coordination group (<i>process</i>) • Terms of reference finalised by the Government and endorsed by the EU Delegation to recruit technical assistance to support the development of national policy on CC (<i>process</i>) <p>2nd (‘floating’) tranche:</p> <ul style="list-style-type: none"> • National climate change adaptation and mitigation strategy inclusive of implementation cost developed (4 areas to be developed are specified) (<i>process</i>) • National renewable energy strategy inclusive of implementation cost developed (8 areas to be developed are specified) (<i>process</i>) • Climate change and renewable energy coordination group(s) meet(s) quarterly (further details are specified) (<i>process</i>) • Climate change adaptation and renewable energy monitoring and evaluation frameworks in place, indicating sources of information, availability of data and reliable data collection methodologies (<i>process</i>) <p>These conditions measure the government’s achievements in implementing the stated objectives of the National Strategic Development Plan in relation to the reversal of environmental degradation and adaptation to climate change.</p>
Mauritius	<p>Encourage consistency between the economic reform programme and sustainable development, focusing on mitigation of negative impacts on the environment</p>	<p><i>There is no fixed tranche in this programme – only two variable tranches.</i></p> <p>Year 1: Energy Efficiency Bill is approved by Cabinet for introduction in National Assembly (<i>process</i>)</p> <p>Year 2: New Building Control Bill including</p>

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Programme	Specific objective(s)	Specific disbursement criteria
		requirements for sustainable buildings is approved by Cabinet for introduction in National Assembly (<i>process</i>)
Seychelles	Support sustainable development policies and the implementation of the priority areas of the Seychelles National Climate Change Strategy (SNCCS)	<p><i>There is no fixed tranche in this programme – only three variable tranches.</i></p> <p>Year 1:</p> <ul style="list-style-type: none"> • SNCCS is in place (approval by Cabinet of SNCCS strategy and action plan; steering / monitoring mechanism set up) (<i>process</i>) • Seychelles Energy Policy is formulated (approval by Cabinet) (<i>process</i>) <p>Year 2:</p> <ul style="list-style-type: none"> • SNCCS is implemented (operational steering/monitoring mechanism) (<i>process</i>) • Climate change is mainstreamed in at least three key sectors of the Seychelles Sustainable Development Strategy (SSDS) 2011-20 (approval by Cabinet of sector strategies and action plans; steering/ monitoring mechanism set up) (<i>process</i>) • Seychelles Energy Bill is formulated, allowing for CDM projects (approval by Cabinet) (<i>process</i>) <p>Year 3:</p> <ul style="list-style-type: none"> • Climate change is mainstreamed in all key sectors of the SSDS 2011-20 (approval by Cabinet of sector strategies and action plans; operational steering/ monitoring mechanism) (<i>process</i>) • The Town and Country Planning Act (TCPA) and Environment Protection Act (EPA) are revised in coherence with the SNCCS (amendments to TCPA and EPA Acts approved by Cabinet) (<i>process</i>) • The Seychelles Energy Act is in force (Energy Act enacted) (<i>process</i>)
Solomon Islands	Support the Government of Solomon Islands capacity for policy enhancement, coordination and implementation of its national climate change strategy, in line with its NAPA and National Disaster Risk Management Plan (NDRMP)	<p>Year 1: The Solomon Islands NAPA priority 1 activities, notably relocation, are mainstreamed in:</p> <ul style="list-style-type: none"> • the approved 2010-2012 Medium Term Development Strategy (MTDS) (<i>process</i>) • the National Development Strategy Framework (<i>process</i>) • the National Transport Plan (including relocation of infrastructure affected by CC) (<i>process</i>) • the development budget of 2011 (at least 10 million SBD allocated to NAPA priority 1) (<i>process</i>) <p>Year 2:</p> <ul style="list-style-type: none"> • NAPA priority 1 activities, notably

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Programme	Specific objective(s)	Specific disbursement criteria
		<p>relocation, are mainstreamed in the development budget of 2012 (at least 10 million SBD allocated to NAPA priority 1) <i>(process)</i></p> <ul style="list-style-type: none"> • A National Strategy on Climate Change is approved by National Disaster Council and submitted to Cabinet (covering identification and ranking of affected, high-risk communities according to risk-related criteria; realistic costing of CC adaptation measures, including relocation; and guidelines for human resettlement projects) <i>(process)</i> • Institutional capacities within the Ministry of Environment and National Disaster Council are strengthened (at least 5 days of training on CC and/or disaster risk reduction received by technical staff of Ministry of Environment, National Disaster Management Office, Ministry of Development Planning and Aid Coordination, and Ministry of Lands) <i>(process/output)</i> <p><i>Note: Variable tranche = 28.6% of total budget support</i></p>