



Daily Briefing

16th Green Climate Fund Board Meeting

6 April 2017

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the GCF Board or its Secretariat.

During the meetings, CFAS experts are available to provide advise to and answer specific questions for Board Members, Alternates and their advisers from developing countries. The CFAS team can be reached via cfas@germanwatch.org.

Previous daily briefings and other CFAS analyses are available on the **CFAS website** www.cfas.info.

The CFAS Team

Summary from 6 April 2017

On Thursday, 5 April 2017, the Board of the Green Climate Fund (GCF) concluded its 16th meeting in Songdo, Republic of Korea, addressing some of the remaining items on its agenda. As time was running short at the end of the meeting, the Board did not consider or conclude the agenda items on policy matters related to accreditation; the review of the initial approval process; operational guidelines for simplified approval process; measures to facilitate an increase in proposals from direct access entities; or the adoption of a dedicated GCF investment policy.

Status of the Initial Resource Mobilization process

The Secretariat made a brief presentation on the status of the Initial Resource Mobilization process to the Board. It was reported that 42 countries and regions and 1 city have signed contribution agreements amounting to around USD 10 billion. As of December 2016, the GCF has received USD 1.8 billion in cash contributions and USD 1.5 billion in promissory notes. Funding decisions to the total volume of USD 1.5 billion funding have been made for

35 approved projects. Furthermore, it was mentioned that a total of USD 2.4 billion was forecast to be available for commitments in 2017. Similarly, the Secretariat also presented the forecast for 2018 to be USD 1.5 billion in cash and promissory notes.

Board members took note of the report and welcomed the helpful information. One Board member suggested that it was time for the GCF to consider where it should invest and reiterated the need to develop a dedicated GCF business plan.

Interim work plan and budget of the Independent Evaluation Unit

The newly appointed Head of the Independent Evaluation Unit (IEU), Ms. Jyotsna Puri, presented a draft of the unit's interim work plan and budget for March-June 2017. The interim work plan includes the unit's establishment, outlining an independent evaluation policy, building and strengthening evaluation capacity, and identifying key elements of the IEU's rolling three-year work plan. The IEU's proposed budget is USD 370,930. Board members welcomed the head of the IEU and underlined the importance of independent evaluations. Several issues the unit could consider in its work were proposed by individual Board members, for example the proposal approval process, lessons learned from monitoring and evaluation, as well as how to build capacity of accredited entities locally. The Board adopted the work plan and budget and requested the Head of the IEU to undertake consultations to present a complete work plan and budget for 2017 at the following meeting of the Board.

Updated terms of reference for the Independent Redress Mechanism

The Head of the Independent Redress Mechanism (IRM), Mr. Lalanath de Silva, presented the updated terms of reference (ToRs) for the Independent Redress Mechanism (IRM). The ToRs were developed through an intensive consultative process with stakeholders, including with GCF Board members, civil society and representatives of Nationally Designated Authorities and accredited entities. Board members commented on the draft. Some members stressed that in addition to communities and individuals, national implementing institutions and authorities should also be able to use the IRM to forward their complaints to the GCF and the Board. Other Board members underlined that on the other hand it needed to be communicated clearly to entities that it is possible for projects to be rejected if it is the judgement of the Board that they do not meet the Funds criteria. It should be clearly communicated to stakeholders that the IRM was not a court of appeal. As time was short at the end of the meeting, the Board will resume its consideration of the agenda item at the next Board meeting.

Competitive Process for the Selection of the Permanent Trustee

A member of the ad-hoc committee for the selection of permanent trustee reported that the committee had met, but needed more time to discuss on the terms of reference, selection

criteria and timeline for the trustee selection. They suggested that they prepare a decision in the coming weeks to be considered by the board in between meeting or at its following meeting. Some Board members highlighted that the selection process needed to be transparent and unbiased, so as to encourage potential institutions to prepare their proposals. The decision on the way forward was adopted with the amendments proposed by the ad-hoc committee.

Work programme and budget of the Secretariat for 2017

Building on the discussions on day one, the Co-Chairs presented a revised document and draft decision, incorporating comments made by Board members. The Board approved the priorities outlined in the work programme and requested the Secretariat to provide a detailed updated work plan for the Readiness and Preparatory Support Programme and report on its implementation at every Board meeting. Furthermore, an increase in the budget was suggested in order to implement the work programme.

One Board member raised concerns about the significant increase in costs for contractual services. The Secretariat provided a detailed breakdown of the expected contractual services and the specific circumstances leading to the increased need for services. Several Board members stressed that they could accept these cost on an exceptional basis, highlighting that they would not approve similar spending levels in future years. Ultimately, the Board agreed to increase the secretariat budget for 2017 to USD 46.8 million, noting that this reflects exceptional circumstances and would not set a precedent.

Consideration of funding proposals

In the afternoon, the Board resumed its consideration of funding proposals, in particular the conditions suggested for individual projects. Before addressing the funding proposals one by one, Board members raised questions about how to handle the conditions put forward by the Secretariat, ITAP and Board members. Some Board members suggested sending funding proposals with conditions back to the accredited entity, in order to allow revisions addressing some of the identified issues instead of approving proposals with so many conditions. Others pointed out that the current proposal approval process of the GCF allowed for an approval with conditions, which would need to be met before finalizing the Funded Activity Agreement (FAA) and disbursement of funds. Some Board members took the opportunity again to stress that the Board needed to ensure that high quality proposals come to the GCF and the importance to learn from good practices from other institutions. The Co-chair proposed that the next Board meeting would focus on addressing the policy gaps in the process for approving funding proposals. The Board then considered and approved the following proposals individually:

- FP038: GEEREF NeXt (global), EIB. The Board approved USD 265 million for the proposal, subject to some conditions. These include, inter alia ensuring that the investment fund discloses on its website summary information for each of the projects into which each underlying fund has invested. The project summaries shall

provide short descriptions of the projects, as well as the potential environmental and social impacts of the projects.

- FP039: Renewable Energy Financing Framework (Egypt), EBRD. The Board decided to approve the proposal for the amount of USD 154.7 million, with some conditions. These include, inter alia, to put in place adequate measures in order to ensure that the management of the environmental and social risks and impacts arising from the programme is at all times in accordance with the recommendations, requirements and procedures set forth in the Environmental and Social Framework and System document submitted by EBRD.
- FP040: Scaling Up Hydropower Sector Climate Resilience (Tajikistan), EBRD. The proposal was approved for the amount of USD 50 million, subject to conditions. These include, for instance, a written confirmation by EBRD to the Fund that the funding proposal is in accordance with all transboundary water agreements applicable to Syr Darya river basin under the auspices of the Interstate Commission for Water Coordination of Central Asia (ICWC).
- FP041: Simiyu Climate Resilience Project (Tanzania), KfW. The Board approved the proposal for the amount of EUR 102.7 million, along with some conditions. These include, inter alia, that KfW establishes procedures that guarantee that in rural and peri-urban areas, the participation of women at the board of director or at the senior management level of water organizations is at least of 50 per cent.
- FP042: Irrigation development and adaptation of irrigated agriculture to climate change in semi-arid (Morocco), AFD. The proposal was approved to the amount of EUR 20 million, with some conditions. These include, for instance, that AFD ensures water transfers do not affect negatively downstream river population.
- FP043: Saïss Water Conservation Project (Morocco), EBRD. The Board decided to approve the proposal for the amount of EUR 31.97 million, with some conditions. These include, inter alia, to present an action plan to start promoting community involvement in water governance and improved awareness of climate change issues for the duration of GCF involvement and after the completion of the infrastructure irrigation works for the duration of EBRD involvement.
- FP044: Tina River Hydropower Development Project (Solomon Islands), WB. The proposal was approved by the Board for the amount of USD 86 million, along with some conditions. These include, inter alia, that the World Bank prepares and presents a report that will elaborate an approach to determine an accurate dynamic GHG emission baseline for the calculation of project emission reduction instead of the static emission factor presented in the funding proposal.
- FP045: Ground water recharge and solar micro irrigation to ensure food security and enhance resilience in vulnerable tribal areas of Odisha (India), NABARD. The Board approved the proposal for the amount of USD 34.357 million, subject to conditions. These include, for instance, the inclusion of specific training to be provided by NABARD for local farmers on organic farming, integrated pest management, agroforestry systems and small-scale wastewater treatment.

The Board could not reach consensus to approve FP046: Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities (Ethiopia), UNDP. Some Board members were of the view that the proposal did not possess the necessary quality to be funded by the GCF, without a substantial revision of the proposal. Others highlighted that these shortcomings could be addressed by formulating conditions. The Board reached neither consensus to approve nor to approve with conditions nor to reject the proposal. Several Board members stated that UNDP and Ethiopia should continue to work on a proposal and that they would welcome approving a better proposal at a future meeting.

Dates and venues of the following meetings of the Board

The Board discussed dates and venues of the next Board meetings. It confirmed that its seventeenth meeting will be held in Songdo, Republic of Korea from 4-6 July 2017. Furthermore, the Board agreed that its eighteenth meeting will take place in Egypt from 3-5 October 2017.

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