



CFAS Update

21st Green Climate Fund Board meeting (17-20 October 2018)

The 21st Board meeting of the Green Climate Fund (GCF) just concluded in Manama, Kingdom of Bahrain. Some CFAS experts have been present at the meeting and would like to share some of the highlights of this very important meeting. A more detailed summary will follow.

Best regards,

Your CFAS team

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- The 21st meeting of the Board of the Green Climate Fund closed in Bahrain with agreement to allocate over \$1 billion for 19 new projects supporting climate action in developing countries, accredit 16 new partner institutions and start the process for the first replenishment of the Fund.
 - The decisions provide the basis for the GCF to scale up its work to support transformational climate action in developing countries, enabling the implementation of the Paris Agreement. The meeting laid the foundations for replenishment by agreeing an indicative timeline, with a pledging conference proposed in October 2019. It sets the stage especially for developed countries to come with ambitious pledges that will allow the fund to ramp up its work from next year.
 - The Board agreed to conduct a performance review of the fund, which is essential for improving effectiveness.
 - The Board agreed to start recruiting for a new Executive Director of the Secretariat, following the resignation of previous head Howard Bamsey in July.
 - More work remains for the Fund to improve the way it does business by filling important policy gaps, for example clear guidelines on decision making in the absence of consensus, programmatic funding approaches, and parameters for concessionality, co-financing, and costs. There is growing agreement in the Board that a policy on decision making is needed and they held in-depth discussions on what such a voting procedure could look like. While no agreement could be found at this meeting, it seems possible that the Board could resolve this at the next meeting in February.
 - Projects given the green light this week include projects to harness clean energy, improve sustainability of cities and transit, and increase water resilience.
 - A decision on a climate program in China was postponed due to objections from the United States. It underlined the need to define decision making rules in the absence of consensus. The proposal may be considered again at the next meeting.
 - A proposed project in Bahrain was very controversial. While it is an adaptation project in the water sector, it is to be implemented by the National Oil and Gas Authority. Some Board members worried about a potential link to the fossil fuel industry. Some also criticized the proposal for using the simplified approval process (SAP), which is meant for small scale (<\$10m) and low-risk projects. This project was proposed as one phase of a much larger project, which some argued is not what the SAP was designed for. Some of the statements in the project documentation were questionable (such as the claim that the project would target women-owned farms, when there was no data to suggest any actually exist) and the proposal received critical comments in the review by the Fund's independent technical advisory panel (ITAP). The Board ultimately

downsized the project from a proposed \$9.8 million to \$2.1 million, limited to strengthening capacity of the Water Resources Council to improve demand-side management.

- In several proposed programmes, Board members and civil society raised concerns about time frames for disclosure of high-risk activities. In light of these concerns, the Netherlands Development Finance Company (FMO) and the European Bank for Reconstruction and Development agreed to conditions to ensure consistency with the GCF's information disclosure policy. However, Agence Francaise de Developpement and the World Bank did not agree to information disclosure time frames consistent with the policy, yet got their proposals approved anyway.
- As discussions on funding proposals took up a lot of time, many other items on the agenda were not discussed and will be taken up at the next meeting in February 2019.