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**Daily Briefing**  
**18th Green Climate Fund Board Meeting**  
**1 October 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 advice 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](mailto:cfas@germanwatch.org).

Previous daily briefings and other CFAS analyses are available on the CFAS website [www.cfas.info](http://www.cfas.info).

The CFAS Team

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## **Summary from 1 October 2017**

### **Consideration of funding proposals**

#### **FP055: Poverty, Reforestation, Energy and Climate Change (PROEZA Project), Paraguay (FAO)**

The Board resumed its discussions on this proposal from the previous day. The Secretariat and a representative of FAO provided further clarifications on the proposal, for example regarding the potential inclusion of eucalyptus plantations in the project that had been criticized. One Board member expressed that he remained skeptical as to the alignment of the proposal with the Fund's investment criteria and whether it provided more concessionality than was justifiable; the member therefore said that he was not in a position to approve the proposal. Other members were however of the view that the project met the Fund's investment criteria and also highlighted the positive assessment of the Secretariat and the ITAP. They said that the concessionality required was appropriate and that it should not be assessed based on categorizations such as "middle-income country" that do not appear in the Governing Instrument or in the Fund's policies. The Co-Chair postponed the decision on this proposal to allow time for Board members to identify a possible consensus.

#### **FP056: Scaling up climate resilient water management practices for vulnerable communities in La Mojana, Colombia (UNDP)**

The project applies an integrated approach to improve the adaptive capacity and resilience to impacts related to climate change in the region of La Mojana in Colombia. Direct beneficiary of the project is the rural population of La Mojana (203.918 people), while the urban population (201.707 people) will benefit indirectly from enhanced early warning systems. The project aims to achieve four outputs, including knowledge management of the impacts of climate change on water management, climate resilient water resource infrastructure and ecosystem restoration, early warning systems and enhancing rural livelihoods through climate resilient agroecosystems. Without further discussion, the Board approved the funding proposal for the amount of USD 38,496,000 in grants.

#### **FP057: Climate Action for Rural Development: community-based adaptation and mitigation in Argentina (UCAR)**

This proposal is submitted as a programme under the request for proposals for enhanced direct access (EDA). This is the only second EDA proposal considered

by the Board. The objective of the programme is to promote community-based adaptation and low-carbon development through numerous projects in preselected areas in the North of Argentina that are vulnerable to climate variability. In particular, the programme aims to empower rural communities to develop bottom-up Mitigation and Adaptation Plans (MAPs). The expected total number of sub-projects originating from the MAPs is 68. The total value of the project is US\$ 26.33 million, of which it and seeks US\$ 22.06 million in grants from GCF.

Some Board members strongly supported the proposal as part of the EDA pilot, stressing that it could provide valuable experience and lessons. Other Board members, while also supporting the project, stressed the importance of conditions proposed by the ITAP and the Secretariat, particularly regarding robust eligibility criteria to be established for the selection of sub-projects. One Board Member stated that he was not ready to approve this proposal, because in his assessment, it did not meet all of the investment criteria. In particular he was not convinced regarding the envisaged emissions reductions and the project's scalability. The Co-Chairs postponed the decision on this proposal and will consult further to find a solution.

FP058: Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities, Ethiopia (MoFEC)

This project aims to change the way that water is being utilized and managed, increasing the resilience of the targeted rural communities to the adverse impacts of climate change. With a USD\$ 45 million grant from the GCF, it aims to reach 330,000 beneficiaries, including 30% female-led households. Several Board members commended efforts from the accredited entity, the Ministry of Finance and Economic Cooperation (MoFEC) of Ethiopia, in improving the proposal by taking into consideration remarks from the submission of a similar project at the 15th Board meeting that had not been approved. One member however noted lack of clarity about incentives to be used to encourage beneficiaries to engage in the project implementation. It was also recommended that the implementing partners strengthen the gender component of the project by involving the Ministry of Children and Women of Ethiopia. An intervention from civil society reiterated that suggestion, and emphasized that stakeholders engagement should as well be enhanced. Taking note of these recommendations, the Board approved the proposal.

## **Workplan of the Board for 2018**

The Co-Chair introduced the proposed workplan of the Board for 2018 which contains matters pending Board consideration overdue from 2017, as well as additional matters due for consideration in 2018. The active observer from civil society called upon the Board to prevent continuous deferrals of key policy issues which need to be urgently addressed. Several Board members supported the need to address the guidelines on observer participation as early as possible by scheduling the presentation of the review of observer presentation at the following meeting. Several Board members urged the Secretariat and Co-Chairs to ensure that meeting documents are released to the Board in time. It was also suggested to streamline and rationalize reporting from the Secretariat in order to reduce the workload. Another member suggested an informal meeting of the Board in the early months of next year to address outstanding policy matters, but other Board members were not in favor of another meeting. Several Board members suggested to develop a better process for decisions between meetings, including increased transparency of documents considered between meetings. It was also suggested to use remote technology option to arrange in-between-meetings consultations among Board members.

Having considered these comments, the Board approved its workplan for 2018 with some revisions, requesting the Co-Chairs to update that workplan following each meeting of the Board, and the Executive Director to take all necessary measures to ensure the timely preparation and circulation of meeting documents. Members also decided that formal meetings will continue to be webcast live until the end of 2019.

## **Risk Management Framework**

At its 17th meeting, the Board had adopted first elements of the GCF's Risk Management Framework (RMF) and requested the Secretariat to continue the development of the remaining components of the RMF in consultation with the Risk Management Committee (RMC). In addition, the Secretariat was tasked to further develop the risk dashboard, the underlying methodologies, and

appropriate risk rating models. The Secretariat and RMC presented on the work undertaken on these mandates. The Board welcomed the report. Some members highlighted the importance of adequately reflecting the “concentration risk” of a certain type of accredited entity or country in the dashboard. Others questioned whether the RMF was fit-for-purpose for the GCF, because they felt that the addressed issues and risks considered would rather be fitting to the business model of a commercial bank. It was highlighted that promoting a paradigm shift and transformational change does imply a certain level of risk, which the GCF should be willing to take. Additional time was requested to consult with constituencies and further reflect on the proposed update to the risk dashboard and additional components to the RMF. The Co-Chairs will conduct informal consultations in order to agree on a way forward.

## **Structure and Staffing of the Secretariat**

In his introductory comments, the Co-Chair welcomed new staff hired by the Secretariat. A progress report on the staffing of the Secretariat was presented to the Board, which contains a review of the evolution of the Secretariat’s organizational structure over time, an analysis of challenges with the present organizational set-up and an assessment of the required capacity to best allow the Secretariat to deliver on its mandate with a projected hiring target of 250 staff by 2018. Board members asked clarifying questions on the new proposed structure, to which the Executive Director responded. The Board took note of document GCF/B.18/10 on structure and staffing of the Secretariat, and adopted the proposed head-count of 250 full-time equivalent employees for 2018, as well as the new proposed structure.

## **Work Programme of the Secretariat and Administrative Budget for 2018**

The Co-Chair introduced the item, recalling that the matter was already discussed by the Board during its informal meeting on 29 September. The Executive Director presented the document. In 2018 the Secretariat work programme aims to carry forward the five overarching goals included in the 2017 work programme, supplemented by new goals covering direct access entities, enhanced cross-Secretariat work and addressing the quality issues pertaining to proposals submitted to the GCF. Another relevant aspect of the Secretariat’s work in 2018 will be supporting decision-making on policy issues prioritized by the Board for 2018, including the simplified approval process, the adoption of modalities to fast-track accreditation of certain entities, guidance and scope for support for adaptation activities. The proposed administrative budget for the period from 1 January to 31 December 2018 is US\$ 63,588,006. The Board approved the Secretariat work programme and administrative budget for 2018, and an additional allocation for staff costs in 2019 and 2020.

## **Readiness and Preparatory Support Programme**

Mr. Pa Ousman Jarju, the newly appointed Director of the Country Programming Division in the Secretariat, presented a progress report on the readiness and preparatory support programme. The report highlighted the approval of 123 readiness requests, with 73 of them having received disbursements. Drawing on progress made in 2017 and an outlook into the remaining months of 2017, the Division presented budget projections for 2018, requesting the Board to approve an additional USD\$ 190 million for the next phase of the programme. A number of Board members objected to the idea of an increase budget to the Division before undertaking a review and audit of the programme. They reiterated their support for the evaluation of the programme by the Independent Evaluation Unit (IEU), the terms of which are to be approved shortly in between meetings. Due to a power outage in the meeting venue, the meeting was adjourned before discussions on the item were concluded. Deliberations will continue the following day at 8 a.m.

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