CLIMATE FINANCE ADVISORY SERVICE

SUMMARY BRIEFING

39th Green Climate Fund Board Meeting

15-18 July 2024

Dear Friend of the Climate Finance Advisory Service (CFAS),

This is the CFAS Summary Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Summary Briefing tries to provide a concise, informative update on key discussions that have taken place at each 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.

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The CFAS Team

Summary

From 15 to 18 July 2024, the Board of the Green Climate Fund (GCF) convened for its 39th meeting in Songdo, Republic of Korea. The meeting's agenda focused on the consideration of a GCF partnerships and access strategy; a way forward for enhancing coherence and complementarity with other relevant bilateral, regional, and global funding mechanisms and institutions; as well the financing of results-based payments for REDD+. Furthermore, the Board considered the approval of 17 funding proposals (requesting USD 1,026.2 million in GCF funding), and the accreditation of eight new entities.

Opening of the meeting and adoption of the agenda

The Co-Chairs, Ms. Sarah Metcalf (United Kingdom) and Ms. Milagros de Camps German (Dominican Republic), opened the 39th meeting welcoming new permanent Board members, as well as announcing temporary changes to the Board's composition for B.39. The meeting's agenda was swiftly adopted without amendments.

Report on the activities of the Secretariat

GCF Executive Director (ED), Ms. Mafalda Duarte presented the report on the activities of the Secretariat, outlining key elements that reflect new priorities and objectives for a "fit-for-purpose" GCF. She emphasized that the Secretariat's key priority was to enable a country-driven approach to GCF projects through the operationalization of the Readiness

Strategy. Regional Dialogues were conducted in 13 countries and Eastern Europe and Central Asia (EECA) to engage countries and stakeholders on Readiness Strategy planning and pipelines. Furthermore, the ED's report also highlighted the mapping of underserved areas in adaptation finance, revealing 59 countries without a single-country GCF funding proposal and 19 countries without programmatic funding to date, many of which are highly vulnerable. In addition, the report covered the Secretariat's efforts to support the 4th Indigenous Peoples Advisory Group (IPAG) Meeting and initiatives to improve the GCF Gender Action Plan (GAP) as part of the Fund's 2024-2027 multi-year work programme, building on lessons from the 2021-2023 GAP. The Executive Director also mentioned ongoing consultations with countries on the "No Objection Letter" template and procedure.
Enhancing access through the GCF Project-Specific Accreditation Approach (PSAA) was also featured in the report, with the first two PSAA proposals expected to be presented to the Board by B40. Last but not least, the Executive Director's proposal for Human Resources reforms were addressed, building on the GCF Compensation Philosophy discussions from B.38, recognizing that the GCF HR guidelines have not been updated in 10 years.

Board Members welcomed the report, while emphasizing the need for clarifying the timeline for the full launch of the Readiness Strategy and requesting to tailor the Regional Dialogues to country-specific issues. One member urged that the Readiness Strategy should lead to more country-driven projects and Board approvals, serving as the primary key performance indicator for country ownership, especially in adaptation.
Many Board members expressed concerns regarding the mapping of underserved areas and blind spots of the GCF, on which the Executive Director assured further investigation by the Secretariat. On the matters related to the "No Objection Letter", i.e. the specific template, several members expressed their support. On the issue of the PSAA, some members welcomed the simplified project templates and stressed the need for a streamlined process due to capacity, resources, and data challenges. Regarding HR reforms, one member argued that the proposed restructuring needed approval by the Board and should therefore be reflected in the corresponding decision text. However, it was clarified that since this was part of the "Report on the Activities of the Secretariat", a decision text was not required.
While the report was adopted, one member requested that his concerns regarding HR restructuring without mandatory Board endorsement be recorded in the meeting documentation. He emphasized the need to avoid setting a precedent for significant changes without Board approval.

<u>Administrative Budget of the Secretariat</u>
The ED reported that the Secretariat was on track to execute at least 94% of the 2024 approved budget. Plans to update the Fund's risk appetite statement and accelerate programming investments to meet USP-2 targets were also mentioned. The report also highlighted efforts to improve GCF efficiency through better project review processes, streamlined documentation, reforms in the climate investment committee, and a "one project, one voice" approach for consistent partner engagement.
Many Board members expressed concerns that increasing the risk appetite should not overshadow the GCF's core mission to fill financial gaps. The importance of adaptation was also highlighted. Several members also agreed on the need to enhance GCF's external communications strategy to better highlight its activities and results. It was noted that the current strategy was not discussed with the Board and therefore required further dialogue and consultation.

<u>Progress Update on Regional Presence</u>
At B.38, the Board instructed the Secretariat to propose establishing regional presence to simplify GCF access, enhance capacity in developing countries, and increase the visibility of GCF initiatives. The GCF Secretariat shared updates on initial consultations, highlighting stakeholder concerns and the timeline for finalizing the proposal into a Board policy document.

Consultations with Board members, Active Observers, National Designated Authorities (NDAs), and a wide variety of GCF stakeholders identified major themes of concern and consideration:

- **Country Ownership:** Stakeholders emphasized the need to improve NDA capacity beyond issuing no-objection letters to coordinating direct access entities and building country pipelines. They also called for a more explicit role for civil society and indigenous people in GCF initiatives.
- **Efficiency:** Stakeholders noted that the readiness, capacity building, accreditation, and funding proposal processes with the GCF are slow and prolonged. They expect regional presence to expedite these processes, with progress measured numerically.
- **Delegation of Authority:** Stakeholders anticipate that regional presence will bring a degree of decentralization and improved reporting from regional establishments.
- **Tailored Approaches:** Recognizing that regions have different contexts and challenges, stakeholders expect regional presence to effectively account for these differences with tailored strategies.
- **Complementarity and Coherence:** Future regional establishments should respond to regional initiatives and maximize partnerships with local organizations.
- **Costs:** Stakeholders emphasized that the additional costs and benefits of regional presence must be quantified.
- **Host Country Criteria:** Stakeholders advocate for selecting a host country that demonstrates significant climate ambition.
- **Access:** Enhanced access and country programming should result from regional presence.

A draft regional presence policy and decision is expected by B.41. Meanwhile, the Secretariat will conduct more consultations, a cost-benefit analysis with a consultancy firm, and legal analyses regarding hosting arrangements, for the consideration of the Board by B.40.
Most Board members agreed on the need for increased regional presence but raised budget and coherence concerns. Some members expressed the view that the matter should prioritize multilingualism and ways to enhance country ownership through increased awareness of local contexts and equitable regional presence. One Board member emphasized the importance of the cost-benefit analysis, particularly on how the impacts and outcomes of regional presence will be justified. It was proposed that the Board's Budget Committee look into the matter, with many expressing support. However, one member argued that the Board must go beyond quantified costs and consider how regional presence will increase the Fund's visibility, allowing for greater accessibility through multilingual support, enhanced efficiency due to physical proximity, and better knowledge of regional contexts, especially for Least Developed Countries (LDCs) and Small Island Developing States (SIDS). Regarding the timeline, one member acknowledged the urgency but stressed the need for the Secretariat to be flexible in anticipation of potential disagreements at the Board level in B.41. Many members echoed this, emphasizing the importance of the issue. The Secretariat noted all points raised by the Board and committed to relay the discussion points to the consulting firm conducting the cost-benefit analysis.

Revised salary structure
The Secretariat presented the revised salary structure. The proposed structure, based on a job classification system with four progression levels (basic, medium, high, and top), aims to move away from World Bank and Asian Development Bank models. Staff consultations were conducted during the revision process. Many Board members emphasized the need for a clear transition plan and urged continued staff consultations and new job descriptions reflecting restructuring changes, which the Secretariat committed to addressing.

Status of GCF resources, pipeline and portfolio performance

As of 30 April 2024, the GCF portfolio comprises 253 projects worth USD 13.9 billion with expected mobilisation of USD 39 billion in co-financing. The 253 projects and programmes are spread across 129 countries comprising 48 African States, 41 countries in the Asia–Pacific region, 32 countries in Latin America and the Caribbean, and 8 countries in Eastern Europe. The current pipeline of funding proposals comprises 73 public and private sector funding proposals, as well as 282 concept notes, requesting a total of USD 17.7 billion in GCF funding.

Looking at the portfolio performance against the targets in the Updated Strategic Plan the balance between mitigation and adaptation continues to marginally favour adaptation (54% vs. 46%); support for adaptation in LDCs, SIDS and Africa continues to be above the envisaged 50% threshold (currently 65%); while the direct access entity (DAE) portfolio volume has grown from 12% during the Initial Resource Mobilisation period to currently 20%. Out of the total approved GCF funding of USD 13.9 billion, USD 2.8 billion was channelled through DAEs, while 11.1 billion was channelled through IAEs. The support to the private sector in grant equivalent terms remains almost steady at 18% of funding allocations.

Regarding resources, it was reported that as of 31 March 2024, the total pledged amount for GCF-2 was USD 12.83 billion equivalent, including the credit earned due to early payment and/or encashment. During the reporting period, Bulgaria and Malta announced pledges to GCF-2, in the amounts of EUR 100,000 and EUR 400,000 respectively. With the addition of these two countries, the total number of contributors for GCF-2 is 33. Further, Iceland also pledged an additional contribution of USD 400,000.

To align with the Fund's targets and goals, the Secretariat reported on capacity building measures for Monitoring and Evaluation (M&E) at both the Secretariat and Accredited Entity (AE) levels. Strengthening engagements with peer organizations and developing, using, and sharing knowledge products were prioritized. Despite delays and challenges in mobilizing co-financing due to COVID-19, the Secretariat noted the Fund's flexibility in processing changes, such as extensions, has been beneficial. Overall, the Fund is on track regarding pledge confirmations, the growth of the readiness portfolio, increasing demand for support, continued support to DAEs under PPF, and a focus on results as the portfolio matures.

Board members generally welcomed the presentation, with some acknowledging the upward trend in GCF fund replenishments. Some members pointed out low funding disbursements to GCF projects, with one member highlighting slow pledge confirmations and low funding commitments from contributor countries, urging developed countries with unfulfilled pledges to increase their contributions. Concerns about loans for adaptation projects were raised. Although most GCF projects receive grant-based financing, the increasing use of loans and other debt-creating instruments for adaptation projects was problematic. The Secretariat acknowledged the challenge of resource mobilization and emphasized the finite nature of grants-based finance, suggesting private sector loan financing as a viable option given the increased demand for adaptation projects.

The CSO Active Observer expressed concerns about the Project-Specific Assessment Approach (PSAA) applications, particularly their programmatic nature and the lack of policy on programmatic approaches, which could compromise compliance with GCF safeguards. For multi-country projects, timely information disclosure and independent evaluations were also highlighted. The CSOs also reiterated concerns about the imbalance between mitigation and adaptation projects and the concentration of fund access among five IAEs. They argued that despite the increase in DAE accreditation and projects in the pipeline, the Fund's bias towards international entities contradicts its direct access mandate and may hinder equitable and effective allocation of resources.

Consideration of funding proposals

The Secretariat presented before the Board a total of 17 funding proposals that together amount to USD 1,026 million, and together with the requested co-financing reach USD 5.7 billion. 20 funding proposals had been presented to the iTAP that had not cleared 3 private sector project proposals. The distribution of the financial instruments for the requested financing includes 44% of grants, 43% of leans, 11% of equity and 2% of guarantees.

The Board highlighted the significant amount of requested GCF financing exceeding USD 1 billion. While the share of 7 adaptation projects was regarded positively, it was remarked that 4 of these projects are SAPs that request less than USD 10 million and that the nominal amount of financing for adaptation is still much lower in the presented portfolio. A question in this regard was how this is reconcilable with the mandate of the GCF, as adaptation funding up to USD 10 million would typically fall in the Adaptation Fund's portfolio, and that the GCF should deliver adaptation at scale. Other remarks were that while it is good to see private sector projects requesting about half of the financing requested, there should be more private sector proposals, as well as proposals from Africa. A critical question with regards to the lengthy process for proposal to receive clearance form the iTAP was raised, emphasising that the process can take up to 2 years at times, and is quite cost and resource intensive and significantly delays action on the ground. The active CSO observer raised concerns regarding complex implementation arrangements with many intermediaries, which make cooperation difficult, cloud transparency and accountability, and invoke high transaction costs - money, that is supposed to be spent on climate action on the ground. Therefore, implementation should be similar and closer to the ground. Another point of criticism was that most projects do not have solid gender plans at the stage of approval, and that the reliance on market approaches for agricultural projects present risks, especially to small hold farmers.

Although approved, concerns were raised on the proposals SAP040, FP233, FP237, FP240 and FP240, mostly by the CSO Active Observer but also in parts by Board members. The proposals SAP043, FP239 and FP241 were suspended due to strong concerns and objections by Board members.
Regarding **SAP043**, Board members discussed the conditions for disbursement of funding suggested by the iTAP. First, the iTAP requested the AE to develop a strategy to identify women without access to land, to better include them in the project design as beneficiaries. Second, the iTAP also requested additional M&E arrangements, specifically that the project data would be required to feed into national UNFCCC reporting processes. Several Board members criticised the second requirement and called for its cancellation or change to a non-binding recommendation, clarifying that data collection is important but that the integration into government systems is beyond the scope of what the project can do, as the AE is not a government entity. On this point, questions on the mandate that authorises the iTAP to require such integration into M&E systems at the country level were also raised, stating that this would require a bigger conversation on the iTAP's role in general. The respective Board members also shared their concern that such the practice of imposing such conditions for disbursement are perceived to target especially least developed countries, and to a lesser extent other countries with much more capacities. One Board member and the CSO Active Observer, on the other hand, endorsed the iTAP conditions. The iTAP clarified that the condition to develop a strategy for the better inclusion of women who do not own lands would be well aligned with the plans outlined by the AE in the funding proposal. On the condition of the M&E, the iTAP clarified that this would help fulfil important principles of demonstrating the climate change adaptation impact of the project. The revisions made to the iTAP conditions included changing the gender action plan for women who do not own land as a Covenant, and changing the disbursement condition of the MEL into a Board recommendation, upon which the Board approved the proposal.

Concerning **FP239**, Board members debated a similar issue as for SAP043, related to the iTAP setting additional M&E conditions for disbursement, specifically for proposals coming from least developed countries. Again it was emphasised by some Board members that instead of making transparency arrangements a condition for disbursing funding, these countries with limited capacities should be supported in establishing and improving their transparency systems. Another cognition by the iTAP was to update the logframe to be consistent with the theory of change. Some Board members voiced that this feels like a request for rewriting, which would mean much additional work and significantly delay the start of the project, while a perfectly logical logframe was presented in the proposal. One Board member, on the other hand, emphasised that M&E is always part of GCF funded projects, but that depending on the integration of M&E arrangements into the proposal design, sometimes additional requests for more detail are needed. The CSO Active Observer also supported this condition of updating the logframe and including M&E arrangements. Over several rounds of revision, the iTAP conditions were changed by the Board as follows. The conditions of developing country level strategies for fragility management was revised to apply for those countries where it is needed, as changed into a Covenant item. The gender action plan was also changed into a Covenant item. The aspects of MEL plans and updating the logframe were kept as disbursement conditions, but the language was changed to simplify the requirements. The U.S. objected to the approval of the proposal on the basis that according to its policies, the U.S. government cannot work or endorse use of funds by governments that do not address the issue of human trafficking. After approving the revised conditions, the Board then proceeded with a formal voting procedure with 1 objection vote, and approved the proposal.

Regarding **FP241**, the CSO Active Observer considered the proposal to be premature, stating that it was unclear why the project should receive GCF funding, how the funding will be used and that the demonstration of impact potential was insufficient. The observer called for more capacity building to be integrated into the design, to ensure that MSMEs do not take on risks that are too high. The added concessionality of GCF financing should be ensured to benefit the MSMEs, and not intermediaries, but the provisions for this are not sufficient. Also, the lack of ambition with regards to gender equality was also criticised, as only 20% of the targeted MSMEs are women-led. A Board member raised the concern that there had been revisions and that the modification of the document by the Secretariat needs to be clarified prior to approval. The Secretariat clarified that one of the updates was not sufficiently reflected in the shared document, and that the item was suspended until the updates were made and distributed, upon which the Board approved the proposal.

The Board approved the following funding proposals:

- **SAP038:** *“Climate adaptation, resilience and engagement in local governments”*, AE: Bhutan Trust Fund for Environmental Conservation, Country: Bhutan, GCF contribution: USD 10 million (grant).
- **SAP039:** *“Integrated climate risk management for strengthened resilience to climate change in Buner and Shangla Districts of Khyber Pakhtunkhwa Province, Pakistan”*, AE: World Food Program, Country: Pakistan, GCF Contribution: USD 8.78 million (grant).
- **SAP040:** *“Climate adaptation and resilience in Thua Thien Hue Province Vietnam”*, AE: Luxembourg Agency for Development Cooperation, Country: Vietnam, GCF Contribution: USD 8.65 million (grant).
- **SAP041:** *“ALBAdapt - climate services for resilient Albania”*, AE: GIZ, Country: Albania, GCF Contribution: USD 23.07 million (grant).
- **SAP042:** *“Building climate resilience by linking climate adaptation and social protection through decentralised planning in Mozambique”*, AE: Save the Children Australia, Country: Mozambique, GCF Contribution: USD 23.5 million (grant).
- **SAP043:** *”Upscaling ‘Nataangué’ integrated family and village farms for a resilient agriculture in Senegal”*, AE: Centre de Suivi Ecologique, Country: Senegal, GCF Contribution: USD 9.05 million (grant).
- **FP232:** *“Jordan integrated landscape management initiative”*, AE: UNEP, Country: Jordan, GCF Contribution: USD 44.9 million (grant).

- **FP233:** *“Community-based Agriculture Support Programme ‘plus’”*, AE: IFAD, Country: Tacikistan, GCF Contribution: USD 30 million (grant), 9 million (loan).
- **FP234:** *“Tonga coastal resilience”*, AE: UNDP, Country: Tonga, GCF Contribution: USD 22.7 million (grant).
- **FP235:** *“Mangroves for climate: public, private and community partnerships for mitigation and adaptation in Ecuador”*, AE: Conservation International Foundation, Country: Ecuador, GCF Contribution: USD 36.4 million (grant).
- **FP236:** *“Basin approach for livelihood sustainability through adaptation strategies”*, AE: IFAD, Country: Mexico, GCF Contribution: USD 19.5 million (grant), USD 20 million (loan).
- **FP237:** *“E-Motion: E-Mobility and low carbon transportation”*, AE: AFD, Country: Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Mexico, Peru, GCF Contribution: USD 23.9 million (grant), USD 101.2 million.
- **FP238:** *“Ecosystem-based adaptation for resilient watersheds and communities in Malawi”*, AE: FAO, Country: Malawi, GCF Contribution: USD 41.8 million (grant).
- **FP239:** *“Building climate resilience for food and livelihoods in the Horn of Africa”*, AE: AfDB, Country: Djibouti, Ethiopia, Kenya, Somalia, South Sudan, GCF Contribution: USD 90.7 million (grant), USD 60.3 million.
- **FP240:** *“Collaborative R&DB program for promoting the innovation of climate technopreneurship”*, AE: Korea Development Bank, Country: Cambodia, Indonesia, Lao People’s Democratic Republic, Philippines, Vietnam, GCF Contribution: USD 83.8 million (equity), USD 20.7 million (grant).
- **FP241:** *“Financing mitigation and adaptation projects in Indian MSMEs“*, AE: Small Industries Development Bank of India, Country: India, GCF contribution: USD 200 million (loans), USD 15.6 million (grant).
- **FP242:** *“Caribbean net-zero and climate resilient private sector“*, AE: IDB Invest, Country: Bahamas, Barbados, Belize, Dominican Republic, Guyana, Jamaica, Suriname, Trinidad and Tobago, GCF contribution: USD 100 million (loan, guarantee, equity), USD 19 million (grant).

The Board approved the request for project restructuring for the following project:

- **FP037:** *“Integrated flood management to enhance climate resilience of the Vaisigano river catchment area”*, AE: UNDP, Country: Samoa, GCF contribution: USD 58 million.

Consideration of accreditation proposals

At B.39 the Board considered the accreditation of six new implementing entities and four upgrades of the accreditation scope. This development is broadly in line with the target of 25 new annual applications as formulated in the GCF Strategic Plan 2024 - 2027. With respect to upcoming applications, the Accreditation Panel (AP) currently reviews ten additional stage 2 applications for accreditation; the pipeline consists of more than 150 applications in total. 77 Accredited Entities are currently working on their re-accreditation conditions.
Among the new entities, four entities operate under the direct access modality (three national and one regional entity), while the remaining two operate at the international level. Three direct access entities (DAEs) are from the African region and one is from Central Asia. With the new applicants, the GCF’s accredited entities portfolio now comprises 134 organizations, with a DAE share of 64%.
Almost all entities got approved smoothly, without further comments. One exception was the consideration of Meridiam SAS (APL138). The CSO Active Observer expressed concerns about the applicant's portfolio consisting partly of emission intensive infrastructure such as airport expansion and questioned whether the institution needs access to scarce GCF resources at all, despite having mobilised billions of USD from DFIs

and the capital market in the past.

The following entities were newly accredited by the Board at B.39:

- **APL133:** Center for Implementation of Investment Projects within the Committee for Environmental Protection (CIIP) / national direct access / Tajikistan / project/programme size: small
- **APL134:** Development Bank of Nigeria Plc (DBN) / national direct access / Nigeria / project/programme size: medium
- **APL135:** Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles (FIRCA) / national direct access / Côte d'Ivoire / project/programme size: small
- **APL136:** Indian Ocean Commission (IOC) / regional direct access / Africa / project/programme size: small
- **APL137:** Islamic Development Bank (IsDB) / international access / project/programme size: large
- **APL138:** Meridiam SAS (Meridiam) / international access / project/programme size: large

The following entities received accreditation scope upgrades at B.39:

- **Department of Environment under the Ministry of Health and the Environment of the Government of Antigua and Barbuda (DOE)** / national direct access / Antigua and Barbuda / new specialised fiduciary standards for project management, grant awards and loan blending (instead of basic fiduciary standards) / new project/programme size: medium for grants and small for loan blending (instead of micro)
- **Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN)** / national direct access / Mexico / new project/programme size: small (instead of micro) / new risk category: B/1-2 (instead of C/1-3)
- **Ministry of Finance of the Federal Democratic Republic of Ethiopia (MOF Ethiopia)** / national direct access / Ethiopia / project/programme size: medium (instead of small)
- **Palli Karma-Sahayak Foundation (PKSF)** / national direct access / Bangladesh / new specialised fiduciary standards for on-lending and/or blending for guarantees / new project/programme size: medium (instead of small)

In general, Board members appreciated the work of the Secretariat and AP and particularly the focus on DAE accreditation while some voices called for further strengthening DAEs as a key priority of the Strategic Plan to increase the resources channelled through direct access. One Board member requested to recall the scope of assessing accreditation by the AP according to the decision taken in B.31. This clarification was included into the final Board decision as well as a list of entities that are eligible to apply under the fast-track accreditation. The CSO Active Observer demanded more transparency on the Project-specific Assessment Approach (PSAA) pipeline and how the GCF intends to operationalize the accreditation strategy. Moreover, the CSO Active Observer criticised a potential legal route for international AEs to serve as executing entities for DAE-led GCF activities as contradicting the envisaged shift of responsibilities to DAEs.

Partnerships and access strategy

The Secretariat presented the Partnerships and Access Strategy to the Board, aiming to enhance access to financing as part of the Strategic Plan 2024-2027. The strategy presents three overarching goals:

1. clarifying the GCF partnerships model;

2. setting action lines for reforming and simplifying GCF access modalities, policies and processes; and
3. identifying opportunities for leveraging partnerships to improve collaboration across the climate finance architecture.

The Secretariat emphasised that the strategy does not set detailed policy solutions but action lines for reform, based on a holistic and principles based approach, to advance i) specific policy reforms as part of the Board's work plan, ii) the implementation of ongoing Secretariat operational activities, iii) informing related GCF organisational initiatives. Concluding the presentation, the Secretariat presented the proposed decision, which includes the approval of the strategy as well as the approval of a set of principles to guide the Secretariat and Accreditation Committee in their work of reforming the Accreditation Framework.

Board members welcomed the strategy, appreciating its link to ongoing work (e.g., Readiness) and welcomed the transparent communication on concrete indicators. Board members also appreciated the frank and open analysis of pain points and bottlenecks when it comes to accessing financing from the GCF, which was seen as a good basis for moving forward and enhancing access. Several Board members agreed with the key principles and concepts that characterise the strategy, such as increasing national ownership and country driveness of GCF financed engagements through the envisioned country platforms. While the key action lines for reform that the strategy outlines are also welcomed by the Board, several Board members emphasised the need for further information on the implications, e.g. for policy development / revision and what the meaning of shifting from prescriptive to principles based policies would look like. Others were positive that the shift to principles based policies will enhance access.

With regards to the outlined key action lines aiming to simplify (re-)accreditation, Board members and the Accreditation Committee were overall positive that this would enhance access and supportive of the upcoming reform of the Accreditation Framework. Nevertheless, there were also some questions and concerns with simplifying the accreditation requirements, and the respective Board member highlighted the importance of having thorough Environmental and Social Safeguard Standards and gender standards in place, which is seen as a strength of the GCF.
While the Accreditation Committee also supports the reform of the accreditation process, it highlighted that more clarity is needed on the implications. Specifically on the role of screening, as it remained unclear from the strategy whether screening would be a substitute for the full accreditation procedure, to whom it will apply, and what this will mean for current accreditation processes that are being implemented under readiness programmes. Another question was whether the screening would be enough to establish sufficient capacities of entities to implement programmes that they hadn't been originally cleared for, or whether this would involve another screening.

Board members were also appreciative of the inclusive process of developing the strategy, which involved close consultation and exchange between the Secretariat and the Accreditation Committee. While one Board member also highlighted the inclusivity of indigenous peoples and communities, others strongly criticised the strategy to be severely flawed in this regard. Specifically in regards to the client focused approach mentioned in the strategy, it was criticised that the information and analysis of bottlenecks in the GCF's current partnership model does not include a systematic survey of the challenges of NDAs and DAEs, and that there has been no clear methodology on how the inputs were gathered and analysed. It was stated that a more robust analysis of stakeholders' needs would be needed that should be based on a consultative process with developing countries to live up to the goal of delivering more client focused actions.
Furthermore, it was mentioned that further clarifications with regards to the next steps are needed to ensure effective implementation, including a timeline, mapping / listing of policies that will be affected and the work that is to be done. This includes more information on what decisions the Board will need to make to implement this strategy when it comes to policy development. However, other Board members disagreed that this

should be included in the strategy as, as it would diffuse the function of a strategy to provide overall strategic guidance, and that details should be discussed in other policy strategies.

Several Board members also criticised the conceptualisation of enhancing access applied in the strategy, specifically the elements that address the wider climate finance landscape beyond the GCF. One Board member was critical of the prospects for the GCF realising its goal of mobilising other climate finance sources. Another point of criticism was that this is outside the purpose of the strategy as defined in the objectives of USP-2, which was to articulate pathways for enhancing the access to GCF financing and not climate finance in general. Instead, the GCF should focus on its core partnerships, which are partnerships with DAEs and the Readiness Programme. Here, the need for securing co-financing continues to be a pressing issue for DAEs in developing countries. The suggestion made by the Board member was to identify and address the gaps present in existing policies, rather than embarking on extensive revision processes, as well as to establish a dedicated support unit at the Secretariat to answer the questions of countries and entities when undertaking large revisions of existing policies and processes.
Another point of criticism was the lack of key action lines addressing the challenge of developing funding proposals, especially with regards to the difficulty for least developed countries in constructing the climate rationale. In line with this, it was also criticised that currently, least developed countries are stuck in the Readiness Program but do not proceed to the next stage, which would be accessing larger sums of funding through funding proposals. With regards to the Readiness Program, another Board member stated that it needs to have utility beyond the GCF universe, e.g., building capacities for accessing a broad range of climate finance sources, as the needs go beyond what the GCF can provide.

The Secretariat acknowledged the feedback, emphasizing country-led platforms and maintaining high standards in accreditation. Partner surveys will be introduced to monitor satisfaction, and the focus will be on the accreditation framework. The shift to principles-based policies aims to set standards without specifying every detail for easier alignment.

Action plan on complementarity and coherence

Based on decision B.17/4 the GCF establishes an operational framework for complementarity and coherence with regard to operations and processes across the GCF, Adaptation Fund, Climate Investment Funds, and the Global Environment Facility. A joint statement of the four Heads of those Multilateral Climate Funds (MCFs) was made at the most recent meeting during COP28, calling to develop a detailed, endorsed action plan by COP29.
The Executive Director, Ms. Mafalda Duarte and the Secretariat introduced the matter by presenting the status of the draft action plan and its key objectives that aim to enhance access to climate finance through promoting efficiencies and streamlining processes, increase the impact of support, work together as a system, acting in a coordinated way and play an enabling role in the international climate finance architecture.

Most Board members generally welcomed the work of the Secretariat to progress on the action plan, several also emphasised the need to strengthen coordination and harmonisation in order to simplify access, report consistently, use scarce resources more efficient and effective as well as increase impact. A few Board members felt uncomfortable with the consultation process interfering with the last COP and SB negotiations as well as the interpretation of the mandate by the Secretariat. Several Board members expressed their concerns about potentially undermining the policy oversight of the governing bodies of the funds by the MCF task force, the risk of losing competitive advantages of the unique mandates of the funds and the challenges to realize harmonization. This debate reflected a common perception that several action plan items are vague in scope and language. Thus, it was requested that more examples of how such streamlined approaches might look like in practice are presented in the next version

of the action plan.
Some Board members and the CSO Active Observer expressed their concerns of including the CIFs into the process, since they are not guided by UNFCCC principles. Moreover they stressed the risk that a harmonization might decrease the GCF’s standards in terms of the environmental and social policy, redress mechanism, gender equality or participation of indigenous groups and communities. The general debate reiterated the need to sustain the unique features of the GCF within the climate finance landscape, such as its non-for-profit focus on impact for the most needy ones or the equal representation of Board members from developed and developing countries.
The Executive Director responded in emphasizing the draft stage of the action plan and welcomed the rich discussion that stimulated further guidance for the action plan development. Moreover, it was stressed that further consultations among the Board as well as with the other three funds will take place to identify appropriate degrees of coherence and standardization. With regards to the request to include the upcoming Loss and Damage fund into the process, it was signalled that an offer to join the process will be made once the respective Secretariat is operational.
Finally, the Board adopted a slightly adjusted and amended text based on the comments made during the discussion.

Financing of results-based payments for REDD+

The Secretariat emphasized the Fund’s mandate to employ results-based financing as outlined in paragraphs 51 and 55 of the GCF Governing Instrument and referenced the B.38 discussions, where the Board considered two alternative approaches for advancing the GCF's results-based payments for REDD+:

- **Option 1** involved further consultations on Requests for Proposals (RFP) using the B.37 proposals as a basis, while
- **Option 2** included Option 1 plus additional consultations on alternative options, including mainstreaming proposals.

At B.39, the Board is asked to approve the principles for mainstreaming REDD+ RBP and allocate up to an additional USD 250 million to the respective Pilot Programme funding envelope. Adoption of the document would also acknowledge the four eligible concept notes previously submitted for the Pilot Programme and prompt the Secretariat to conduct open, inclusive, and transparent consultations on the development of proposals under RBP for REDD+. A proposed timetable for these consultations was also presented.
The Board welcomed the document, with many members expressing support for the principles guiding the mainstreaming proposal of REDD+ RBPs and showing interest in participating in further consultations as outlined by the Secretariat. One member noted that strategies around REDD+ would strengthen the implementation of Nationally Determined Contributions (NDCs) in developing countries. Others believed the principles would immediately benefit the four countries with pending concept notes, enabling them to proceed with developing their REDD+ proposals. Several Board highlighted the need for more technical consultations. Some members emphasized the importance of ensuring and strengthening the Fund’s environmental integrity and expanding the focus of technical consultations to consider socio-economic benefits of REDD+ projects, especially for women, Indigenous Peoples, and local communities. One member suggested that consultations be conducted in a hybrid format to allow wider stakeholder participation.
Last but not least, some Board members raised concerns about the proposed allocation amount to the Pilot Programme. They requested more information on the earmarking of USD 250 million for the four pending concept notes. The Secretariat clarified that the amount was based on UNFCCC data due to the lack of precise information about the total amount needed. The Secretariat acknowledged the concerns and confirmed that keeping the allocation amount open was also possible.

After several exchanges and noting the additional information requests, the item was suspended for further consultations. A revised text was presented, which included provisions aimed at further reducing deforestation and forest degradation, aligning with the COP decision on REDD+. Many Board members expressed satisfaction with the new text, with some highlighting the importance of the updated scorecards in ensuring the environmental integrity of REDD+ activities. The Board adopted the decision.

Dates and venue of upcoming Board meetings

A prolonged discussion unfolded on dates and venues of upcoming meetings. Several Board members raised issues with the proposals presented. Some requested changes to the dates for B.40 due to conflicts with the 16th meeting of the COP to the Convention on Biological Diversity; the International Monetary Fund and World Bank Annual Meetings; and the proximity to UNFCCC COP29. Others sought changes for B.41 and B.42 due to Ramadan, Eid holidays, and other national events. Additionally, some members suggested shortening the length of the Board meetings, while others wanted to retain the dates as proposed.

Regarding the venue, some members advocated for holding all Board meetings in the Republic of Korea to reduce travel expenses and avoid overspending. Conversely, others highlighted the value of holding meetings in countries where the GCF has projects, providing firsthand experience for Board members. Some proposed exploring virtual meetings to cut costs, reduce greenhouse gas emissions, and accommodate countries with smaller budgets. However, others opposed this, emphasizing the importance of in-person interaction for consensus-building and noting the technical challenges of virtual meetings.

After further consultations, the Board ultimately decided to convene for its 40th meeting in Songdo, Republic of Korea from 21-24 October 2024.