

Summary Briefing
23rd Green Climate Fund Board Meeting
6-8 July 2019

Dear friends 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 Board or 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.

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The CFAS Team

Summary from 6-8 July 2019

From 6 to 8 July 2019 the Board of the Green Climate Fund (GCF) convened for its 23rd meeting in Songdo, Republic of Korea. With a long agenda, the Board looked to address important issues, such as closing remaining policy gaps, e.g. on decision-making in the absence of consensus; the adoption of an updated Gender Policy and Action Plan; on matters related to co-financing, concessionality and determining a methodology for the calculation of agreed full and agreed incremental costs, as well as the consideration of ten funding proposals (requesting USD 266.9 million of GCF funding) and four applications for accreditation.

Opening of the meeting and adoption of the agenda

The Co-Chairs, Mr. Josceline Wheatley (United Kingdom) and Mr. Nagmeldin Goutbi Elhassan Mahmoud (Sudan) opened the Board meeting, welcoming new Board and Alternate Board Members. The Board adopted the agenda without further discussions and further took note of the decisions adopted between the 22nd and 23rd Board meeting.

Reports of the Secretariat, Committees and Independent Units

The Board took note of the reports by the Secretariat for the period January 1st to April 30th 2019 and the committees.

The new Executive Director, Mr. Yannick Glemarec, introduced the report of the Secretariat. He highlighted the Secretariat's efforts in supporting the replenishment process, strengthening country ownership, and strengthening efforts in increasing impact. As to the replenishment process, the Executive Director emphasized support provided to the Board, outreach to capitals, and active involvement in the preparation of the United Nations Secretary General's Climate Summit in September 2019. With regard to country ownership, he underlined the availability of increased funds for readiness and the translation of relevant documents into Spanish and French. To increase impact, the Executive Director mentioned efforts to embed a theory of change in the strategic programming and the preparation of a manual for the development of proposals.

In response to comments by the Board, the Executive Director added that key documents will also be translated into Arabic and that the GCF has been actively engaging with the Global Environment Facility (GEF) on ecosystems, with the Climate Investment Funds (CIF) on complementary financing instruments, and with the Adaptation Fund (AF) on innovative projects with the potential for scale-up.

Report on the activities of the Co-Chairs

a) Co-Chairs report, including updated workplan of the Board for 2019

In preparation for the 23rd meeting, continuous consultations were undertaken at various levels, including with Board Members, Board Committees, observers, Accredited Entities and other stakeholders.

Some matters were brought to the attention, including the introduction of a new procedure for clearing documents for transmittal to the Board. These procedures apply to (a) policy documents for the Board mandated to Committees, Panels and Groups, and (b) Board documents mandated to either the Secretariat or Committees, Panels and Groups that have budgetary implications and requests. In addition, the Co-Chairs presented a proposal for the Board workplan in the future and an updated workplan for 2019. For 2020 onwards, the Co-Chairs proposed moving from an annual or semi-annual approach to planning work of the Board, as the GCF matures from the Initial Resource Mobilization period to the first formal replenishment, into a multi-year way of planning work. Last but not least, the Co-Chairs introduced a document outlining the approach and options for developing the GCF Environmental and Social Safeguards.

After some Board deliberations and further consultations, the Board took note of the report of the Co-Chairs and updated workplan for 2019. Furthermore, it requested the Secretariat to proceed with the development of the GCF environmental and social safeguards, based on the GCF interim environmental and social safeguards with revisions and enhancements, and approved the related budget of USD 399,200.

b) Outcome of Co-Chairs consultations: decision-making in the absence of consensus

Following paragraph 14 of the Governing Instrument, the Board is mandated to develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted. In this context, a proposal by the Co-Chairs was circulated building on the discussions held during B.22, further work undertaken by a small group of Board members at the request of the Co-Chairs, and comments provided by Board members on a draft revised proposal submitted to the Board for consultation between 19 and 26 June 2019.

After holding an informal session on day one of the Board meeting, which allowed Members to exchange views on the draft proposal, Board members continued their deliberations in a formal setting on days two and three. While a majority of Board members expressed their support for having a voting procedure in place, some issues remained to be resolved in order to adopt a decision. The discussion circled around three core issues: (i) the scope of the voting procedure, in particular the question to which type of decision the voting procedure would NOT apply; (ii) the determination of whether all efforts at reaching consensus in respect of a particular draft decisions have been exhausted; and (iii) the voting procedure itself, in particular the required majority threshold, i.e. the share of affirmative votes required for a decision to be considered approved.

Ultimately, after consultations that lasted through the night of the last day, the Board was able to agree on a procedure. Accordingly, the Co-Chairs will jointly determine whether all efforts at reaching consensus have been exhausted, taking into account a variety of issues, inter alia, whether sufficient consultations on the matter have taken place, whether the subject matter of the decision has been considered at prior Board meetings, whether and how many Board members indicated that they cannot join consensus on an issue, as well as if the relevant matter is urgent or necessary to safeguard the interests or reputation of the GCF.

In terms of the scope, the Board decided that the procedure shall not apply to any policy decision on financial instruments and/or financial terms that excludes certain developing countries from accessing resources, as well as any decisions that would have far reaching implications for the Fund or its operations, such as amending the Rules of Procedure, the arrangements between the GCF and the Conference of the Parties, Governing Instrument, etc. As for the voting procedure, the Board decided that if at least 80% of Board members present and voting (each Board member entitled to one vote) vote in favour of a draft decision, it shall be considered adopted, unless four or more Board members from either constituency vote against such a decision.

Performance review of the GCF

At its 21st meeting, the Board mandated the Independent Evaluation Unit (IEU) to conduct a 'Forward-Looking Performance Review', taking into account a) the progress made by the GCF in delivering on its mandate, as well as in terms of its core operational priorities and actions; b) the performance of the GCF, including its funded activities and likely effectiveness and efficiencies; as well as c) the existing GCF portfolio and pipeline.

The Head of the IEU, Ms. Jyotsna Puri presented the report, stating that while the GCF was a young institution with high ambitions, it had still achieved a lot during the short period of operation. The report concludes that the GCF needs to have a new strategic direction, a new business model to deliver even better outcomes, a re-emphasis on adaptation and innovation, and creating a better enabling environment for decision-making. The report strongly highlighted that the accreditation process was prolonged and that the duration of the process was becoming more unpredictable. Hence, a suggestion was made to define an accreditation strategy with targets, in particular for the engagement with Direct Access Entities.

Furthermore, it was also pointed out that though the required time was recently decreasing, it still takes a substantial amount of time for the Board to approve a funding proposal and the signing of the Funding Activity Agreement taking place. Accordingly, the report concludes that accessing GCF resources takes over 1100 days, including going through the accreditation process and completing the project approval cycle.

The evaluation also examined whether the GCF was able to make an impact regarding country needs. The report concludes that GCF support is targeting sectoral needs of country's Nationally Determined Contributions with a focus on energy and food, but had lower emphasis on transport, forestry and ecosystems.

After the presentation from the IEU, the new Executive Director of the GCF presented the views of the Secretariat as the initial management response. He said that the review documented the GCF's achievement of the last four years and agreed with the identification of the opportunity for the Fund to realise greater paradigm shift potential and impact for developing countries. He highlighted four major things as a way of moving forward: i) strategic goals to enhance direct access, adaptation and private sector engagement; ii) clarifying approaches to programming; iii) expanding access modalities and diversifying instruments and innovation, leverage and impacts; and iv) leveraging and replicating knowledge. It was also reported that the Secretariat is updating the Strategic Plan, underpinning the theory of change and the GCF's comparative advantage. He also informed that in order to strengthen the Fund's business model and performance, several aspects, including the accreditation framework, investment framework and modalities of the Private Sector Facility are under the process of review by the Board. In order to speed up the process, it was reported that the Secretariat has taken a range of steps to improve processes and performance. Last but not least, the Executive Director also suggested for the Board to consider a further delegation of authority to the Secretariat.

A number of Board Members welcomed the review, stating that it came at the right time. One Board Member reminded that the GCF was one of the operating entities of the UNFCCC and must therefore work to fulfil its mandate of addressing climate change, rather than focussing on making money. Others felt that the data used for the review was old and that with an increasingly staffed Secretariat a number of things were moving faster. It was added, that there is a need to identify where bottlenecks are and to address them accordingly to move faster and perform better. Several Board members stressed that co-financing and leveraging factors must not be of too much focus, as the GCF was unique and different to other existing climate funds. It was suggested that in the future more grants must be considered for poorer countries with low capacity. Several of the Board Members suggested that the Fund was on the right track but suggested that to be more effective, clear guidance on paradigm shift was needed.

The Board adopted the decision to take note of the evaluation report.

Matters related to the first formal replenishment

a) Report from the replenishment process

The global facilitator of the replenishment process, Mr. Johannes Linn, reported back to the Board on the six agenda items discussed at the first replenishment consultation meeting held in Oslo, Norway in April 2019.

Board members shared the global facilitator's view of constructive discussions and considered the report back as an appropriate reflection of the meeting. Some Board members emphasized the need to build a narrative around the Fund's achievements and impact so far, instead of focussing on remaining policy gaps. In response to the global facilitator's call for progress on the Fund's functioning during the 23rd and 24th Board meeting, one Board member stated that a replenishment based on conditions could not be accepted.

Open discussions remain around the sequencing of the replenishment conference and the 24th Board meeting. Some Board members called for an additional Board meeting subsequent to the replenishment conference to adapt the workplan as necessary. Some Board members further emphasized that GCF funding should be adequate to respond to the Fund's capacity to execute projects worth USD 3 to 5 billion a year and to developing countries' needs.

Board members also indicated the need for a clear strategy between the 23rd Board meeting and the UNSG Climate Summit on September 23rd in New York; the Summit constituting an opportunity to send a clear signal. The Fund's Executive Director highlighted that the GCF has been actively engaging with the Summit team and that the replenishment will be one of two key outcomes of the climate finance track.

The next technical replenishment meeting will be held in Ottawa, Canada, at the end of August 2019.

b) Period of the first replenishment

The Board agreed to a four-year programming for the first replenishment period, reflecting broad support during the first technical meeting on replenishment in April 2019 in Oslo. One Board member highlighted that a significant replenishment becomes even more relevant in absence of a trigger.

c) Strategic programming document outlining scenarios for the GCF replenishment

The document presented by the Secretariat on strategic programming, constitutes an updated version of the previous document, put forward at the last Board Meeting. Improvements were made based on the Board's inputs at the 22nd meeting and at the first replenishment consultation meeting in Norway on 4-5 April 2019. The document will feed into the second replenishment consultation meeting in August 2019, as well as inform the workplan, provide strategic guidance to the replenishment process, and the GCF Strategy Plan.

The Board welcomed the document and appreciated the improvements made. One Board member emphasized that it reflects the views from the Board, as well as the sense of direction of the new Executive Director. The document highlights three components: The GCF's theory of change; three scenarios to inform the first replenishment; and principles of GCF Funding in the future. The three modelling scenarios identified in the document are: "Continuing Business", "Upper Frontier", and "Pursuit of Impact". "Continuing Business" describes a continuation of the Fund's current practice; "Upper Frontier" constitutes the most ambitious scenario, while "Pursuit of Impact" lies in between the other two scenarios with the aim to move towards the "Upper Frontier". In addition to the five known GCF principles, two principles are added: i) support to the particularly vulnerable, and ii) leveraging knowledge and partnerships. Most of the Board Members favoured using the "Pursuit of Impact" scenario as the basis for replenishment; however, one Board Member argued in favour of the "Continuing Business" scenario instead.

Based on the theory of change, scenarios, and principles, Board Members highlighted the importance of keeping the country-driven approach to be one of the core principles. They welcomed the proposal to strengthen adaptation and to put more focus on it. One Board Member raised the issue with cross-cutting projects, and suggested that as the GCF was striving to balance mitigation and adaptation, clarity on how the two will balance, was needed. Some Board Member also would like to see the possibility for GCF to finance ocean and biodiversity, as both are related to climate change. The needs of developing countries related to technology and knowledge, were raised as well. One Board Member mentioned that technology transfer could also benefit from the Fund, and that therefore the Strategic Programming should have plans to operate it. Some Board Members also asked for the GCF's performance review to be captured in the document, arguing that the GCF was not taking sufficient risks.

Policy on ethics and conflicts of interest for active observers

At its ninth meeting back in 2009, the Board requested the Secretariat to draft a policy on ethics and conflicts of interest for Active Observers under the oversight of the Ethics and

Audit Committee (EAC). The policy sets out the principles and ethical standards required of the active observers and provides guidance on matters related to their professional and personal behaviour, in line with their participation in Board meetings.

After taking note of the draft policy at its seventeenth meeting, members submitted upon invitation by the Co-chairs inputs to a revised draft version which was opened for discussion. Some members shared their concerns on the definition of gift in the proposed draft which would significantly restrict active observers in playing their role. With a view to make the policy implementable, they suggested excluding gift in service and nature of training and travel related support such as transportation, local travel, lodging, meals, and purchase of air tickets from the policy. One member further suggested a clear definition of the term "confidential information" to avoid misinterpretation by active observers. It was stressed that active observers should not be restricted to provide their views on GCF-funded activities and processes during Board meetings. It was agreed that any covered individual and immediate family member shall not be eligible for employment at the GCF Secretariat, including as a consultant, until eighteen months following the last date of service in the relevant position.

The Board approved the policy, and requested the Secretariat to publish a consolidated version of the Policy on Prohibited Practices, which takes into account the definition of "Active Observers" and an amended definition of "Covered Individual" as agreed.

Updated Gender Policy and Action Plan

The Board member from Canada, Ms. Sue Szabo, presented a statement jointly prepared with the Board member from Egypt, Mr. Wael Ahmed Kamal Aboul-Magd to update the Board on the Gender Policy and Action Plan. Both have served as intermediaries for their respective constituencies on this matter. The statements constituted that the "ultimate objective is for the fund to adopt a progressive gender policy which does not create additional impediment to access GCF funding". Furthermore, four principles were presented - facilitating access, need for fair and transparent process, building capacity, and that the processes flowing from the policy should be simple and streamlined - which should guide the further approach. A procedural decision was proposed, and approved without amendments, tasking the Secretariat to prepare a cost and benefit assessment by the 24th Board meeting, informing a decision by the Board. One Board member noted that this should include an assessment of the opportunity costs of NOT considering gender aspects sufficiently.

Updated accreditation framework

At its previous meeting, the Board decided to streamline the accreditation process in order to accelerate the review and consideration of entities applying for accreditation. In the same decision, the Board requested its Accreditation Committee, with the support of the Secretariat, to consult with Board and alternate members, accredited entities and national designated authorities and focal points on matters related to the review of the accreditation framework, and present an updated accreditation framework for consideration and adoption by the Board.

Board members welcomed the work undertaken by the Accreditation Committee, highlighting the importance of the Accreditation Framework in the overall structure of the GCF. In the discussion, several Board members welcomed the project-specific assessment approach as a complementary modality to the institutional accreditation process, as well as a way to addressing some of the issues identified during the Review of the Accreditation Framework. Others stressed that the prioritization of certain entities in the accreditation pipeline, as applied following a decision at the 18th Board meeting should be continued. Others felt that the decision on the Updated Accreditation Framework was not yet ready for approval and suggested to defer the item to the next meeting. The Secretariat urged the Board to take a decision on amending the determination of the start of the accreditation term of Accredited Entities, in order to allow sufficient time to prepare the re-accreditation process of entities that would otherwise become due in 2020.

After some prolonged discussions and further consultations, the Board decided that the accreditation term shall start once the Accreditation Master Agreement becomes effective, rather than on the date of Board approval. Furthermore, the Board decided to extend the prioritization of certain entities (e.g. national direct access entities, private sector entities and entities responding to requests for proposals issued by the GCF), as well as agreed the principle of the project-specific assessment approach. Besides that, the consideration

of the updated accreditation framework and the implementation arrangements and budget for the project-specific assessment approach was deferred to the 24th meeting.

Review of the initial modalities for the Private Sector Facility

The Secretariat had presented a revised draft decision in response to informal consultations prior to the Board meeting. The draft was intended to provide strategic orientation to engage with the private sector and be of largely procedural nature beyond that. Some Board members indicated to their intent to approve the decision, while others indicated their reservation due to the potential privileged position of the private sector.

The decision was deferred however because several Board members had diverging views as to whether a particular focus should lay merely on the Least Developed Countries (LDCs) and Small Island Developing States (SIDS) in accordance with the Governing Instrument, or as to whether this also applies to African states as determined in decision B.04/08. The Board sought legal advice from the General Counsel on the legal status of the Governing Instrument vis-à-vis Board decisions. Since the General Counsel did not feel in a position to respond in an ad-hoc fashion, the decision was deferred.

Status of GCF resources and portfolio performance

The Co-Chair invited the Secretariat to provide an update on the overall status of the 102 funding proposals, distributed across 35 Accredited Entities, approved by the Board in the GCF portfolio. The total approval of GCF funding currently amounts to USD 5.0 billion with USD 12.6 billion of co-financing mobilized. Based on the estimation of accredited entities, the projects are expected to reduce 1.5 billion tonnes of carbon dioxide equivalent of greenhouse gases and impact 276 million (direct and indirect) beneficiaries. A wide range of financial instruments are utilized under the portfolio as authorized by the Governing Instrument, with the largest portion being financed by loans and grants (44% each), followed by equity (8%), results-based payment (2%) and guarantee (2%). The approved funding proposals in the GCF portfolio target 97 developing countries. The Secretariat informed that 50% of the total approved proposals, worth USD 2.2 billion in GCF funding, is under implementation in over 49 countries. The signature of funded activity agreements (FAAs) and the effective schedules of disbursements to AEs have facilitated this increase and sped up the implementation.

The Board welcomed progress concerning the Simplified Approval Process (SAP) under which six projects were approved. Some members urged the Secretariat to explore effective ways to align the portfolio performance and impact evidence with the Fund's efforts around its first replenishment process being implemented. Following that, the Board took note of the information contained in the status report of the GCF resources and portfolio performance as presented by the Secretariat.

Consideration of funding proposals

The Board considered ten funding proposals requesting USD 266.9 million of GCF funding, of which one was considered under the Simplified Approval Process. Three funding proposals were submitted under the various GCF pilot programmes: one project under the 'REDD+ results-based payments' pilot; one under the 'Mobilizing funds at Scale' pilot; and one under the pilot to 'Support Micro, Small, and Medium-sized Enterprises (MSMEs)'. The Secretariat reported that with the approval of the proposed 10 funding proposals the total number of projects/programmes approved would reach 111, worth USD 5.3 billion of GCF funding and a total value of USD 19 billion, when taking co-financing into account.

Active observers raised concerns associated with human rights violations towards environmental and human rights defenders in Honduras, demanding responses as to how the accredited entity of **FP111** will respond to it. Some Board members reacted by demanding National Designated Authorities (NDAs) to be present to be able to respond to any potential accusation. They further stated that projects should be judged uniquely on the basis of documents and not any other "extraneous" aspects, e.g. human rights.

FP114 aims to assist in particular women entrepreneurs in Ghana to finance climate resilient agricultural practices, which would include CO2 reduction co-benefits. The objectives of the proposal to support vulnerable women businesses were unanimously welcomed by the Board members who spoke, but the intended financial structuring caused a larger discussion. The proponents request overall USD 20 million from the GCF,

of which 18.5 million would be loans for a credit line to offer to the women businesses, and 1.5 million for technical assistance. Several Board members in particular, but not only from developing countries raised concerns about this and asked to identify options for increasing the grant component with a view to lowering the financial efforts for the affected women. Bearing in mind the need to consult with the Accredited Entity (AE) and also the NDA (which was not represented in Songdo), after several rounds of consultations the Board eventually decided to approve the project and tasked the AE to explore options for increasing the grant component in consultation with the NDA, and to amend the proposal accordingly.

Board members applauded **FP115** for being very innovative and the GCF for taking on the necessary risk. However, Board members brought forward concerns regarding the environmental impacts of the proposed activities, in particular after the GCF and the accredited entity exit their equity investments. One Board member abstained on basis of concerns of environmental impacts of the project's infrastructure investments. The Secretariat clarified that the GCF will not necessarily exit after 5 years, that it holds veto power with regard to any potential strategic investor and that a community agreement between project and community will be in place in accordance with Chilean law for the project's lifetime.

The Board approved ten funding proposals, which are as follows:

- **FP107:** *Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan*, UNDP, Bhutan, 25.3 million in GCF funding
- **FP108:** *Transforming the Indus Basin with Climate Resilient Agriculture and Water Management*, FAO, Pakistan, 35.0 million in GCF funding.
- **FP109:** *Safeguarding rural communities and their physical and economic assets from climate induced disasters in Timor-Leste*, UNDP, Timor-Leste, 22.4 million in GCF funding.
- **FP110:** *Ecuador REDD-plus RBP for results period 2014*, UNDP, Ecuador, 18.6 million in GCF funding.
- **FP111:** *Promoting climate-resilient forest restoration and silviculture for the sustainability of water-related ecosystem services*, IDB, Honduras, 35.0 million in GCF funding.
- **FP112:** *Addressing Climate Vulnerability in the Water Sector (ACWA) in the Marshall Islands*, UNDP, Marshall Islands, 18.6 in GCF funding.
- **FP113:** *TWENDE: Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands*, IUCN, Kenya, 23.2 in GCF funding.
- **FP114:** *Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana*, AfDB, Ghana, 20.0 in GCF funding.
- **FP115:** *Espejo de Tarapacá*, MUFUG Bank, Chile, 60.0 million in GCF funding.
- **SAP007:** *Integrated Climate Risk Management for Food Security and Livelihoods in Zimbabwe focusing on Masvingo and Rushinga Districts*, World Food Programme, Zimbabwe, 8.9 million in GCF funding.

Consideration of accreditation proposals

The Secretariat presented an overview of the accreditation progress up to 31 May 2019 along with the pipeline of applicant entities. The presentation also contained information on support to direct access entities and an overview of the portfolio of Accredited Entities. It was reported that until 31 May 2019, 84 entities had been accredited and a pipeline of 220 entities were issued accounts on the online accreditation system. The Secretariat also mentioned that until date nine applications had been received from Accredited Entities requesting to upgrade their accreditation types of which four have been already approved for upgrade by various Board meetings in the past. Similarly, as of 31 May 2019, 248 Direct Access Entities from 92 countries have been nominated for accreditation by the National Designated Authority of which 117 entities have submitted an accreditation application and of those 48 have been accredited. The Board Members have been continuously demanding the increase of DAEs.

At this meeting, the Board was presented with four additional entities for accreditation, while two Direct Access Entities were recommended for an upgrade of their project size. The Board did not deliberate on the accredited entities but swiftly accredited all the entities as presented by the Secretariat.

The four entities accredited at B.23 are as follows:

- **Banco Nacional de Desenvolvimento Econômico e Social (BNDES)**, Direct Access, Brazil
- **Ministry of Water and Environment (MWE) of the Republic of Uganda**, Direct Access, Uganda
- **Ecobank Ghana Limited (EGH)**, Direct Access, Ghana
- **Agence belge de Développement (Enabel)**, International Access, Belgium

The two entities upgraded at B.23 are as follows:

- **Infrastructure Development Company Limited (IDCOL)**, Direct Access, Bangladesh
- **Secretariat of the Pacific Regional Environment Programme (SPREP)**, Direct Access, Regional (Asia Pacific)

Risk Management Framework: Compliance Risk Policy

The Co-Chair invited the Secretariat to introduce, on behalf of the Risk Management Committee, the policy governing compliance risk management for the GCF. The presentation highlighted that the proposed compliance risk is expected to serve as an essential safeguard reputation of the GCF from being misused in compliance-related incidents, and should be covering internal and external compliance breaches as set out in the previously adopted revised risk register at the seventeenth Board meeting, as well as inappropriate investment activities and violation of fiduciary duty.

Members welcomed the fact that the policy, which forms an important part of the risk management framework of the fund and is aligned with its fit-for-purpose approach, would help minimize reputational risks that the GCF may encounter and contribute to the highest standards of integrity, ethics and transparency in the conduct and governance of all its financed activities. The Board approved the compliance risk policy and welcomed its objective to evolve over time in a non-prescriptive manner even though it does not detail all the specific requirements to manage compliance risk at the GCF.

Integrity policies

a) Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism

The Board considered the agenda item on standards for the implementation of the anti-money laundering and countering the financing of terrorism policy. The Secretariat was requested by the Board at its eighteenth meeting to prepare this policy. This policy sets the minimum and mandatory standards to prevent, detect, and investigate money laundering and financing of terrorism, and to control and manage related risks. This is done with the objective of preventing the abuse of GCF resources.

One Board Member strongly raised the issue that this policy should in no way prevent any developing country from accessing GCF financial resources. It was suggested that while implementing this policy only national law, Board decisions in compliance with international law and decisions of the United Nations Security Council should be taken into account.

The Board adopted the policy, which in future will also be part of the accreditation process and be incorporated in the fiduciary standards.

b) Updated Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment

The Board was presented with policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment (SEAH), which builds on the document presented at the previous meeting. The objectives of the policy are to set counterparties obligations to prevent, mitigate, and remedy SEAH in Fund-related activities. It also aims for the GCF to have effective policies or procedures on SEAH, to inform the GCF on any SEAH and cooperate with investigations, and to pass down the same obligations to its contracting parties. The Board decided to adopt the decision, as presented.

c) Cost implications of the implementation of the interim Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment

This agenda item responded to Board Decision B.22/18, which requested the Secretariat

to assess the cost implications of the implementation of the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH). The Secretariat was asked to submit a budget request to the Budget Committee for its consideration. There are four actions identified as implications of the policy: (1) background checking; (2) a communication plan and the development of guidelines and procedures to operationalize and implement the policy; (3) regular training and awareness building; and (4) contingency.

The Board adopted the decision to approve the total budget of USD 90,000 for the year of 2019 for the implementation of the policy. The Board also noted the limited experience of the Fund in handling such cases and acknowledged that the budgets provided constitute an estimate. Consequently, both Secretariat and the Independent Integrity Unit (IIU) will need to monitor these constantly to ensure that the policy continues to be enforced at the expected level.

Other matters discussed during the meeting

Due to a lack of time, several agenda items were deferred to the next meeting (in addition to some of the agenda items described above) or not concluded.

Matters related to the Investment Framework (i.e. full and incremental costs calculation methodology, co-financing and concessionality), the GCF's approach to adaptation, as well as the majority of matters related to the Private Sector Facility were discussed during a technical session of the Informal Board meeting held on 5 July 2019 but ultimately deferred.

On 'Guidelines on decisions without a Board meeting' the Co-Chairs presented a proposal, based on the Board deliberations at the 22nd meeting and further consultations with Board members in the intersessional period. After an initial round of interventions, further work was needed in order to approve the decision and the item ultimately deferred to the next meeting.

The Board also adopted the eighth GCF report to the Conference of the Parties (COP). Placeholders were added and will remain pending the outcome of deliberations on the Private Sector Facility (PSF) strategy, matters related to the investment framework, as well as the GCF's approach to adaptation.

Dates and venues of the following meetings

As usual, the Board discussed dates and venues of upcoming Board meetings. Accordingly, the 24th meeting of the Board will be held from 12-14 November 2019 in Songdo, Republic of Korea. Tentative dates for subsequent meetings were agreed, along with a request to the Secretariat to conduct a cost-benefit analysis of hosting a GCF Board meeting outside the headquarters in Songdo, Republic of Korea.

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