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## Summary Briefing 24th Green Climate Fund Board Meeting 12-14 November 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](mailto:cfas@germanwatch.org).

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The CFAS Team

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### Summary from 12-14 November 2019

From 12 to 14 November 2019, the Board of the Green Climate Fund (GCF) convened for its 24th meeting in Songdo, Republic of Korea. Being the last meeting of the year, the Board looked to address important issues, such as considering the Replenishment Summary Report; the Strategic Plan of the GCF for 2020-2023; the adoption of an updated Gender Policy and Action Plan; a policy on co-financing, matters related to the accreditation framework as well as the consideration of thirteen funding proposals (requesting USD 407.8 million of GCF funding) and seven 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 swiftly adopted the agenda and organization of work without further discussions and took note of the decisions adopted between the 23rd and 24th Board meeting.

### **Report on the activities of the Secretariat and the Co-Chairs**

On behalf the Secretariat, the Executive Director, Mr. Yannick Glemarec presented an

update on the activities of the Secretariat for the period 1st May to 31st August 2019. Some of the major achievements included the Secretariat's work of preparing the document on the "Updated Strategic Plan of the GCF" and the "Work plan of the Board for 2020-2023". Similarly, the Secretariat was heavily engaged in the GCF's first replenishment process, holding over 500 meetings and organizing a pledging conference in Paris, France from 24-25 October 2019. Furthermore, the Secretariat organized the Global Programming Conference in Songdo from 19-23 August 2019, where over 113 countries participated, including ministers from around 50 countries. Continuous dialogues with Accredited Entities (AEs) have been undertaken and efforts are being made in order to achieve the Requests for Proposals (RfPs), especially for "Mobilizing Funds at Scale", as many of the entities that submitted their concept notes are not accredited with the Fund. It was also reported, that progress has been made in regards to signing Funding Activity Agreements (FAA) (currently 81) and Accreditation Master Agreements (AMA) (currently 65). In order to achieve a higher degree of transparency and efficiency, the Secretariat is developing a "Funding Proposal Tracking System". This will help moving away from email based communications to a web based system where AEs can have a direct channel to tackle and respond to possible issues with expedite responses. Similarly, Nationally Designated Authorities (NDAs) and Focal Points can monitor the progress of funding proposals through the GCF Country Portal. The system is likely to come into full effect by the third quarter of 2020.

The Board welcomed the report and many members commended the Secretariat for their achievements. One member reminded the Secretariat that the Fund should not act like a Multilateral Development Bank (MDB) or financial institution and should not put additional financial burden on developing countries. Rather, it was stressed that the GCF should stick to its mandate. Many Board members took the concept of increased transparency positively, while some suggested that additional support should be given to NDAs and Direct Access Entities (DAEs) when necessary.

The Board took note of the report of the Secretariat. The Board also took note of the report of the Co-Chairs without further discussions.

## **Reports from the Independent Units**

### **Annual Report of the Independent Evaluation Unit for 2019**

The Head of Independent Evaluation Unit (IEU), Ms. Jyotsna Puri presented the annual report of the IEU with key activities for the period September 2018 - December 2019. She reported based on four key areas focusing on i) Building and strengthening the IEU, ii) Independent evaluations, iii) Partnerships, capacity-building and advisory services, and iv) Uptake and communications.

It was reported that the IEU hired three new staff members during the reporting period. By the end of 2019, the number of staff members in the IEU will increase to thirteen. It was a busy year in terms of evaluations as the IEU submitted an Independent Review of the GCF's Results Management Framework (RMF) and an Independent Review of the GCF's Readiness and Preparatory Support Programme to the Board at B.22. The IEU also submitted its Forward-looking Performance Review of the GCF and the Independent Evaluation of the GCF Country Ownership Approach. Furthermore, the IEU is in the process of completing an evaluation of the GCF's Environmental and Social Safeguards (ESS). The Learning-Oriented Real-Time Impact Assessment (LORTA), a multi-year programme that aims to build capacity and mechanisms for measurement of causal impacts of GCF investments is ongoing. In April 2019, under LORTA, the IEU organized a design workshop in Mannheim, Germany where ninety participants attended. It was also reported that in order to facilitate global sharing of knowledge on evaluating climate change actions, the IEU collaborates closely with GCF partners and stakeholders. Last but not least, it was highlighted that the IEU is doing lots of capacity building for NDAs and AEs including the GCF Secretariat.

Board Members had suggestions and questions for the IEU head. Some suggested that

while many evaluations are conducted, they should be focused on achieving adaptation, mitigation and capacity building. Evaluations should be country-focused, but not focused on one country alone. Some Board members strongly supported the tasks of the IEU and encouraged for such outcomes in the future with a stronger team. One member highlighted the importance of the outcomes of the evaluations for the process of updating the GCF's Strategic Plan for 2020-2023. The Board took note of the report.

#### Report on the Activities of the Information Appeals Panel

The Chair of the Information Appeals Panel (IAP), Mr. Ibrahim Pam reported on the activities of the IAP, constituted under the GCF Information Disclosure Policy. The reporting period was from 1st June to 30 September 2019. It was reported that the chairmanship of the IAP is rotating annually among the heads of the independent accountability units. This year it was chaired by the Head of the Independent Integrity Unit. It was reported that the IAP had not received any appeals during the reporting period. The IAP continued to follow up with the Secretariat on the implementation of the IAP decision on its first appeal dated 19 November 2018. It was highlighted that the issue brought forward was complex, hence the IAP will continue having consultations to resolve the issue and bring it before the Board. One Board Member sought clarity on who the Panel reported to and if the frequency of the reporting was satisfactory. It was reported that currently the IAP reports directly to the Board and reporting at every Board Meeting was sufficient as it receives very few cases. Some Board members suggested that the Panel needed to be overseen by a Committee so that there is no delay in decision-making. However, it was suggested by other Board Members that it should be considered after the review of the Committees and Panels. The Board took note of the report.

#### Report on the activities of the Independent Integrity Unit

The Head of the Independent Integrity Unit (IIU), Mr. Ibrahim Pam reported on the activities of the IIU in implementing its workplan 2019. The reporting period was from 1st June to 30th September 2019. The report focused on five areas of the workplan: (a) Completion of the GCF integrity policy framework; (b) Advisory on integrity matters; (c) Implementation of proactive integrity risk assessments; (d) Capacity building of accredited entities and awareness raising; and (e) Investigation activities. It was reported that the IIU worked on standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy and the Policy on Sexual Exploitation, Abuse and Harassment (SEAH). The IIU also developed a Proactive Integrity Reviews (PIRs) methodology based on data-driven integrity risk assessments to commence proactive oversight of GCF funded projects and programmes. It was reported that the IIU was organizing an inaugural GCF Integrity Forum in December 2019 on the margins of COP25 to support capacity building of accredited entities for the effective implementation of GCF projects and integrity policies. Similarly, during this reporting period, the IIU received thirteen reports of suspected wrongdoing, which have been investigated. The report was noted by the Board without any further discussions.

#### Report on the Activities of the Independent Redress Mechanism

The Head of the Independent Redress Mechanism (IRM), Mr. Lalanath de Silva reported on the progress made with regard to the activities of the IRM. The reporting period was from 1st June 2019 to 9th October 2019. It was reported that the IRM consults with the Ethics and Audit Committee (EAC) on the implementation of its work plan. Currently, the IRM has been developing guidelines for the Board relating to requests for reconsideration and grievances for consideration by the EAC. The IRM has also been doing activities within the GCF through a workshop for GCF staff. Similarly, the IRM is also developing two advisory reports for the Board based on lessons learned and international good practices. In order to increase the capacity of direct access entities and their grievance mechanisms, the IRM is developing learning modules for use in on-line and in-person trainings. The IRM organized in-person training in Songdo in October 2019, where 14 representatives from the grievance redress mechanisms (GRMs) of GCF direct access entities participated. Similarly, the IRM's Case Management System (CMS) that has gone live will help to allow the IRM to track its cases from inception to closure and collect valuable data. It was also

reported that the IRM is fully operational and able to process complaints. During this reporting period, the IRM did not receive any complaints or reconsideration requests. A number of Board members commended the work of the IRM especially in relation to the capacity building of DAEs. One member reminded the IRM that the procedure for the Board in handling cases must be guided by the approved arrangements between GCF and the COP. One Board member encouraged the IRM to conduct site visits to increase understanding of the situations at hand. The Board took note of the report.

## **Performance review of the GCF**

After the release of Independent Evaluation Unit's (IEU) Forward-Looking Performance Review (FPR), the GCF Secretariat provided its response to the results of the report. The four recommendations of the FPR include:

1. Strengthening criteria, business processes and implementation structures that are likely to better address differentiated developing country needs and capacities with a focus on disbursing through DAEs;
2. Develop a strategic plan that focuses the GCF on being a global thought leader and a policy influencer and establishes its niche commensurate with innovation and impact;
3. Re-emphasize adaptation while recognizing (and leveraging) the role of new actors in mitigation and strengthen the role of the private sector in an overall symbiotic ecosystem of financial instruments and modalities; and
4. Clarify and re-examine the separation of supervision and management in the GCF and consider delegating authority to the Secretariat to highlight agency, responsibility and urgency in delivering developing country climate needs.

Some Board members would like to see the findings and recommendations of the FPR including the response from the Secretariat, to be included in the GCF's Strategic Plan. Others said that the FPR was a good exercise for the GCF, to really understand the Fund's current position. Others reminded that the Convention, Paris Agreement, and Governing Instrument were still the main references for policies and direction of the GCF. Several Board members addressed the issue of private sector engagement. One Board Member said that engaging the private sector should not be limited to providing funding to them. Others added that a strong firewall between the private and public sector should not be established.

Board members also discussed the issue of adaptation, inter alia about the use of non-grant instruments. One Board member said that private sector engagement should not substitute adaptation. However, the Secretariat responded that having non-grant instruments for adaptation was good news, as it allowed adaptation to be more competitive. Another Board member highlighted that insurance could also be a non-grant instrument for adaptation.

Board members decided to further consider the findings and recommendations of the Forward-Looking Performance Review and the Secretariat management response within its deliberations on the Strategic Plan for the GCF and other future Board agenda items as appropriate.

## **Matters related to the first formal replenishment of the GCF**

### **(a) Report from the replenishment process**

The Global Facilitator of the replenishment process, Mr. Johannes Linn, reported back to the Board on the replenishment process and outcomes.

He reported that there were four meetings held during the replenishment process: an initial meeting in Bonn; two technical meetings - one in Oslo and one in Ottawa; as well as the replenishment conference in Paris in October. Twenty-seven potential contributors, Board and Alternate Board members, Co-chairs, observers and participants from three developed and five developing countries participated in the meetings. The process involved the elaboration of three reports: report on implementation of the initial strategic plan 2015-

2018, the forward-looking performance review, and report on strategic programming for the first replenishment. Further, the meetings' participants reviewed and discussed the report on updated policies for contributions and the replenishment summary report.

The Global Facilitator introduced the content of the replenishment summary report. The report includes an overview of pledges and recommendations from the contributors. Mr. Linn emphasized that though not all IRM contributors pledged at GCF-1, the amount pledged at the conference (USD 9.78 billion) exceeded the amount at the IRM pledging conference (USD 9.3 billion) by about USD 500 million, with three quarters of the contributors increasing their pledges. Since GCF-1 is planned for four years compared to IRM's five years, that results in an increase of yearly available finance for programming of 70%. Furthermore, he emphasized that the pledging conference has not set an end to the process and suggested that additional pledges can be expected. He suggested that in preparation for the second GCF replenishment, there should be provisions so that based on the experiences of GCF-1, the second replenishment process can be planned well in advance.

Several Board members commended the Global Facilitator for his efforts during the process, as well as the contributors, in particular those who doubled their contributions. Two Board members however noted that the finance provided falls short of what the Secretariat could implement and what is needed in order to enhance ambition and invited those who have not contributed to do so and others to still contribute more. The Board took note of the Global Facilitator's report.

During the meeting, Executive Director Yannick Glemarec announced that Indonesia has pledged to double its contributions to the GCF to USD 500,000. This amount is additional to the above stated figures.

#### (b) Consideration and endorsement of the outcomes of the first formal replenishment process

Prior to the Board meeting, the Co-chairs had consulted extensively with Board members to find an agreeable representation of the outcomes of the first formal replenishment process. The draft decision: (I) reflects the appreciation for the pledges provided so far and (II) encourages further pledges during the ongoing replenishment period, (III) encourages contributors to move to fully executed contribution agreements; (IV) updates the policy of contributions; (V) considers the recommendations from the replenishment summary report; and (VI) asks the Secretariat to reflect the recommendations when developing relevant documents.

During the meeting, Co-chairs and Board members altered few elements of the draft decision text. The value of the replenishment will be expressed in Special Drawing Rights (SDRs). Further, Board members discussed extensively on what to do with the recommendations of the replenishment summary report when developing the new GCF Strategic Plan. Ultimately, the Board decided to "agree that it will consider" the recommendations.

### **Strategic planning for 2020-2023**

#### (a) Update to the Strategic Plan of the GCF

In starting the replenishment process at B.21, the Board stated that it would review the initial strategic plan. The Board decided at B.22 for the Secretariat to develop an updated strategic plan and invited Board members and alternates, accredited entities, and observers for inputs. The Secretariat received seventy-seven submissions to inform discussions. The draft consists of three components: an overall approach and strategic vision; a proposed approach to programming; and an action plan to evolve the Fund's business model.

Overall, Board members welcomed the zero draft of the strategic plan, considering it a good start for further discussions. They emphasized the importance of the strategic plan for the future direction of the Fund. Several Board members built their intervention around the elements of urgency and ambition in accordance to science, country ownership and vulnerability, in particular of Least Developed Countries (LDCs) and Small Island

Developing States (SIDS). Several Board members emphasized that the Fund needed to move from a first-come-first-serve to a more strategic prioritization of proposals to accommodate the need to finance those projects with the greatest transformational potential in terms of curbing emissions and to reflect that financial demand of funding proposals exceeds the available financing. One Board member suggested sharpening the investment criteria. Two Board members also suggested the prioritization of accreditation; however, with a clear rejection of limiting the number of accredited entities.

On the sectoral level, three Board members demanded a greater prominence of nature-based solutions with a particular focus on the nexus of climate, biodiversity, and oceans. One Board member emphasized that the GCF needed to move beyond established technologies and that key areas should be broadened, which broadly aligns with the demand from multiple members for more innovation. Two Board members laid a strong focus on the importance of the Results Management Framework, as well as emphasized the need for collaboration with other global climate change funds. Two other Board members suggested that the GCF should play a stronger role in knowledge generation, and one of them advocated for more South-South knowledge sharing. Further elements that were mentioned by at least one Board member include the request to increase efficiency of the Board by delegating more authority to the Secretariat, as well as the programming beyond the four years of GCF-1. Another Board member stated that the GCF has been doing well and that it should proceed with business-as-usual. Furthermore, the Fund should focus on the public sector and grants.

Potential discrepancies arose between Board members on the role of the private sector. While some advocated for a strong role of the private sector, others suggested that there should be no higher target for its engagement. Further, Board members disagreed in their views on how much the Fund should focus on adaptation. While one Board member indicated that the Fund should mostly focus on adaptation, another Board member stated that a 70% adaptation finance target was not in line with the Paris Agreement. One Board member asked for a stronger focus on long-term adaptation needs, and another Board member reminded the Board that little progress has been made on the Fund's adaptation approach.

The Board decided that the Secretariat should continue developing the updated Strategic Plan based on the consultations held at B.24 and further written submissions. Between February 5th and 7th 2020, the Board will hold an informal board meeting in Monrovia, Liberia to advance the draft further, with the objective to have a final draft at B.25 – the first meeting of GCF-1 – for consideration and approval.

#### (b) Workplan of the Board for 2020-2023

The workplan of the Board is a recurring agenda item, as the workplan is revised at the beginning of each year. The decision on this year's workplan endorses the policy cycle of GCF-1. Active observers expressed their concern that the review of observer participation in Board proceedings has been postponed further.

The Board approved the workplan without further discussions. Members had discussed the workplan already during informal meetings prior to the Board meeting.

### **Work programme of the Secretariat and administrative budget for 2020**

The Secretariat presented its work programme for 2020 and the proposed administrative budget of the Secretariat, the Board and the Trustee. The presentation included a framework for an output-based budget, a provisional results framework designed to support an assessment of the Secretariat's progress on key work programme targets and a consolidated overview of the budget of the GCF, including the budgets of the independent units. It was stated that the 2020 budget has the twin objective of supporting the Board in the development of a 2020-2023 strategic plan for GCF-1 and finishing the work of the IRM. Similarly, it was presented that the Secretariat's work programme included six priorities: three related to business model enhancement and three related to optimizing performance and operational modalities. The final component related to the Result Management Framework featured 33 Key Performance Indicators and 60 targets.

The three priorities under the business model enhancement included i) Strengthening

country driven planning and partnership with NDAs; ii) Programmatic engagement with AEs; and iii) Supporting the Board in filling key gaps in policy and governance frameworks. The three priorities related to optimizing performance and operational modalities comprised i) Improving efficiency, effectiveness and transparency; ii) Dynamic adaptive management; and iii) Consolidating institutional capacity and positioning the GCF as climate action leader. The Secretariat also presented the main features of the Key Performance Indicators, such as supporting 35 countries through readiness in country driven planning and programming, accrediting 66 DAEs, 75% concept notes reviewed within a 30-day target, and enhanced collaboration with the UNFCCC Secretariat and its constituted bodies, among others. The Secretariat also presented plans to disburse USD 1.2 to USD 1.6 billion for Board approved funding proposals in 2020.

Last but not least, the Secretariat presented the budget of USD 3,673,720 for the Board, USD 70,190,932 for the Secretariat and USD 2,881,000 for the trustee - an increase of 6.9%, 4.7% and 39.5% respectively compared to that of 2019.

Some Board members raised questions on the increase of consultant use and the 11% increase in the consultancy budget. It was suggested that this needed to be consolidated well with the staff in order not to rely too much on external consultants. One of the Board members suggested that any consultancy work must be in line with guidance from the COP and the Governing Instrument of the Fund. A number of Board members raised the issue of filling in the required staff in the Secretariat in time to ease the work and to ensure that staff is not overworked. Some Board members strongly raised the issue of geographical balance of staffing at the Secretariat. One member demanded that there be GCF representation at the country level. However, another member suggested that at this stage more consolidation of work is needed. The work that is happening at the Fund's headquarters and the regional consideration through trainings, workshops and working with DAEs should add more value instead of considering regional offices.

Some Board members objected to one of the proposed Key Performance Indicators that stated that 75% of Board meeting documentation will be issued at least 21 days before the Board meeting starts. They demanded that the decision be changed to 100%, as mandated per paragraph 21 of the Rules of Procedure. Some members pointed to the fact that the information on the web must be in UN languages as many countries had difficulty in understanding English.

The Board approved the 2020 work programme and the budget with necessary changes as proposed.

### **Consideration of funding proposals**

The Board considered thirteen funding proposals requesting USD 407.8 million of GCF funding, after one project was withdrawn by the project proponent prior to the start of the meeting. Five of the funding proposals were considered under the Simplified Approval Process.

The Secretariat reported that with the approval of the proposed thirteen funding proposals the total number of projects and programmes approved would reach 124, worth USD 5.6 billion of GCF funding and a total value of USD 20.6 billion, when taking co-financing into account.

Board Members were pleased with the composition of the proposed batch of funding proposals. Some welcomed that more proposals were submitted by direct access entities, as well as more funding proposals with a thematic focus on forests and REDD+. Furthermore, members also commended the submission of innovative proposals, such as those focusing on oceans and ecosystem services. Moreover, members encouraged the GCF to continue increasing the number of funding proposals from direct access entities in the future and highlighted the importance of the Independent Technical Assessment Panel (ITAP), as the Fund needed its technical expertise in assessing proposals.

**FP082: Catalyzing Climate Finance (Shandong Green Development Fund)** was resubmitted for consideration after the Board had not been able to reach consensus on approving the proposal at previous Board meetings. During Board deliberations, two Board members signaled that they would not be able to approve the project, as their concerns of limited GCF additionality had not subsided since B.22. They argued that the recipient's need was limited, that the project would go forward without the GCF's support, and that some technologies and sub-projects did not align with the GCF's investment framework. Other Board members stressed that the country's eligibility to funds and technology development and transfer was well in line with the UNFCCC and the GCF's Governing Instrument. Some members cautioned against using the recently established procedure for decision-making in the absence of consensus and urged those that had reservations not to stand in the way of a decision.

In accordance with the procedure established at the previous Board meeting, the Co-chairs jointly determined that all efforts for reaching consensus had been exhausted. Therefore, they decided to cast a vote on the project version, which in their view had the largest support of the rest of the Board. With two empty Board seats in absence of their Board and Alternate Board members, the Board voted with nineteen votes in favour of approving the proposal, with two votes against. One Board member abstained.

Board members welcomed **FP119: Water Banking and Adaptation of Agriculture to Climate Change in Northern Gaza**, with a focus on reducing water vulnerability in Palestine. However, one Board member raised concerns that the project was not aligned with the GCF's Governing Instrument. In the Board member's view, the State of Palestine was not eligible to receive funding under the GCF. The Board member highlighted that she was not in a position to join consensus in approving the funding proposal, but would not stand in the way of a decision. Furthermore, she requested her statement to be recorded in the report of the meeting. Subsequent to the Board approving the project, one Board member clarified that Palestine joined the UNFCCC in 2015 and signed and ratified the Paris Agreement in 2016, and was thereby eligible to receive funding under the Convention and the Paris Agreement.

The proponent of **FP123: Climate Bonds for Forests: Scaling up Private Sector Financing for REDD+** decided to withdraw the proposal prior to presenting it to the Board. The GCF Secretariat stated that the proactive step reflected the discussions between proponent and Secretariat. Several Board members raised concerns about this process. They argued that this procedure spoke against the principle of transparency, as Board members and the public were not informed about the reasons for withdrawal. Further, they argued that proponents should have the possibility to express themselves and that it was for the Board to decide as to whether they could approve a proposal. One Board member suggested that the proponents could have felt intimidated by third-party reactions. The Secretariat concurred with the Board members that the proponent should explain its decision for withdrawal; yet, during B.24 the proponents provided no explanation. Other Board members lamented the withdrawal as they felt that the project would have added geographical diversity to the portfolio and an innovative project design. Two Board members raised ITAP's role, suggesting that it was their role to determine whether a project was good to go to the Board. The private sector observer added that by withdrawing the only private sector proposal, it created uncertainty for the private sector.

The Board decided to approve all thirteen funding proposals:

- **FP082: Catalyzing Climate Finance (Shandong Green Development Fund)**, ADB, China, USD\$100 million in GCF funding
- **FP116: Carbon Sequestration through Climate Investment in Forests and Rangelands in Kyrgyz Republic (CSFOR)**, FAO, Kyrgyzstan, US\$30 million in GCF funding
- **FP117: Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management**, GIZ, Lao People's Democratic Republic, US\$16.6 million in GCF funding
- **FP118: Building a Resilient Churia Region in Nepal (BRCRN)**, FAO, Nepal, US\$39.3 million in GCF funding



- **FP119:** *Water Banking and Adaptation of Agriculture to Climate Change in Northern Gaza*, AFD, State of Palestine, US\$25.9 million in GCF funding
- **FP120:** *Chile REDD-plus results-based payments for results period 2014- 2016*, FAO, Chile, US\$72.7 million in GCF funding
- **FP121:** *REDD+ Results-based payments in Paraguay for the period 2015-2017*, UNEP, Paraguay, US\$50 million in GCF funding
- **FP122:** *Blue Action Fund (BAF): GCF Ecosystem Based Adaptation Programme in the Western Indian Ocean*, KfW, Madagascar, Mozambique, Tanzania and South Africa, US\$32.8 million in GCF funding
- **SAP008:** *Extended Community Climate Change Project-Flood (ECCCP-Flood)*, PKSF, Bangladesh, US\$9.7 million in GCF funding
- **SAP009:** *Building resilience of urban populations with ecosystem-based solutions in Lao PDR*, UNEP, Lao People's Democratic Republic, US\$10 million in GCF funding
- **SAP010:** *Multi-Hazard Impact-Based Forecasting and Early Warning System for the Philippines*, Landbank, Philippines, US\$10 million in GCF funding
- **SAP011:** *Climate-resilient food security for women and men smallholders in Mozambique through integrated risk management*, WFP, Mozambique US\$9.3 million in GCF funding
- **SAP012:** *Inclusive Green Financing for Climate Resilient and Low Emission Smallholder Agriculture*, IFAD, Niger, US\$9.3 million in GCF funding

### **Consideration of accreditation proposals**

The Secretariat presented an overview of the status of accreditation up to 12 November 2019 along with the pipeline of applicant entities. The presentation also contained information on support to Direct Access Entities (DAEs) and an overview of the accredited entity portfolio.

It was reported that until 12 November 2019, 88 entities had been accredited and a pipeline of 116 entities were still seeking accreditation. The Secretariat highlighted that in addition to the pipeline, nine applications had been received from Accredited Entities requesting to upgrade their accreditation types of which six have been already approved for upgrade by previous Board decisions. Furthermore, the Secretariat continued providing in-depth readiness support for pre-accreditation to 36 DAEs nominated by 41 countries.

At this meeting, the Board was presented with seven new entities for accreditation - five for direct and two for international access.

Following the intervention from the CSO Active Observer, which brought to the attention of the Board various concerns regarding four accreditation applicants, the Board engaged in a prolonged debate regarding their approval. Issues raised by the Active Observer included the financial stability, solvency, reputation, track record in the implementation of climate-related activities, and the ability to comply with the GCF's fiduciary, environmental and social, as well as gender standards. Some Board members highlighted the need for the Board to employ the necessary due diligence and sought further clarification from the Secretariat and Accreditation Panel, who provided detailed information about the respective applicants and addressed several of the issues brought forward. Some Board members urged the Accreditation Panel to expand the range of stakeholders consulted during the assessment of an entity's accreditation application, as well as incorporating third party evidence. Following further clarifications, the Board ultimately decided to accredit all the entities as presented by the Secretariat.

The seven entities accredited at B.24 are as follows:

- **National Committee for Sub-National Democratic Development Secretariat (NCDDS)**, Direct Access, Cambodia
- **CRDB Bank Limited (CRDB)**, Direct Access (private), Tanzania
- **Finanzas y Negocios Servicios Financieros Limitada (FYNSA)**, Direct Access (private), Chile
- **IL&FS Environmental Infrastructure and Services Limited (IEISL)**, Direct Access (private), India
- **Yes Bank Limited (Yes Bank)**, Direct Access (private), India

- **Cassa Depositi e Prestiti S.p.A. (CDP)**, International Access, Italy
- **Save the Children Australia (SCA)**, International Access, Australia

### **Updated Gender Policy and Action Plan 2020–2023**

The Secretariat presented an updated Gender Policy and Gender Action Plan 2020-2023 for the Board's approval. The Board had adopted the initial Gender Policy and Action Plan through decision B.09/11. However, at its 12th meeting, the Board requested the Secretariat to prepare a review and update of the policy and the action plan. For this task, the Secretariat was guided by the terms of reference agreed by the Board that led to undertake the desk review, review of current practices and consultations. Through this update, the policy introduces and establishes a structure, makes the gender assessment and gender action plan a requirement at the project level, and requires a more progressive approach to strengthening gender work in the GCF.

A number of Board members deliberated on this agenda item stating that considering gender aspects in GCF work was crucial. They also reiterated the fact that women and girls were disproportionately affected by the adverse impacts of climate change. Some Board members noted that this policy was long overdue and needed to be swiftly adopted and integrated into other policies of the Fund. One of the Board members mentioned that gender was a multiplier for transformation and that it would contribute to achieving sustainable development, hence, strengthening gender issues was important from all aspects. Some Board members requested the deletion or clarification of unclear terminologies, e.g. the reference to "vulnerable groups in the context of gender". They stressed that the gender policy should not act as a pre-condition for submitting a funding proposal and should not be a conditionality for accessing GCF resources. It was also noted that individual country circumstances must be respected while applying the policy.

The Secretariat provided clarification that the gender policy would not hinder any country in accessing GCF resources and that it would update all the current forms and formats after the approval of the policy. The Board approved the updated Gender Policy and Action Plan noting the gender action plan of the UNFCCC and related matters regarding gender sensitive and gender responsive climate policy.

### **Matters related to the Accreditation Framework**

At its previous meeting, the Board considered the updated accreditation framework and agreed to the principle of introducing the "Project-specific assessment approach" (PSAA) as a complementary modality to institutional accreditation, which combines assessments undertaken during the existing accreditation and proposal approval processes in a fit-for-purpose manner. Furthermore, the Secretariat was tasked to conduct further work, including on outlining the processes for re-accreditation and the PSAA.

Board members welcomed the presentation by the Secretariat as well as the update by the Accreditation Committee. In general, many Board members highlighted the need for a strategic approach to accreditation, drawing on the lessons learned from the first phase of implementation of the current accreditation process and analysing the portfolio of accredited entities and their distinct features and strengths for achieving the GCF's mandate. One member raised concerns that some entities that were accredited as far back as B.12 had not yet signed their Accreditation Master Agreements.

Regarding the PSAA, some members highlighted that while they were in support of the idea and principle behind the PSAA, they had concerns that the established accreditation standards of the GCF could be undermined by the new modality. Others stressed that the pilot phase should be limited to one year, not three as suggested in the draft decision. One member highlighted that the PSAA should explicitly target the GCF's Requests for Proposals. On the issue of re-accreditation, some members questioned whether six months to start the re-accreditation process was enough in order to ensure smooth operations of the GCF. Others stressed that the re-accreditation process should assess compliance with all established accreditation standards, including the Indigenous Peoples Policy, gender and environmental and social safeguards. One members highlighted that the role of the

Accreditation Panel in the re-accreditation process should be limited. Rather, the process should be driven by the Secretariat.

A small group was tasked to conduct further consultations in order to accommodate views expressed by Board members. Divergent views emerged regarding the scope of the analysis of the accreditation process and portfolio of accredited entities. While some members requested a rather in-depth analysis, others felt that an overview of the status of accreditation and the portfolio of accredited entities would suffice. Similarly, Board members had different views regarding the nature of the PSAA, in particular whether it should be established as a pilot or a permanent framework.

As consensus could not be reached, the Board decided to defer most of the elements of the draft decision to the next meeting. In order to allow the Secretariat enough time to prepare the re-accreditation of accredited entities, the Board adopted the re-accreditation process as presented.

### **Policy on Co-Financing**

At B.17 the Board had requested the Secretariat to develop a policy on co-financing. The Secretariat introduced the revised policy draft with the lion's share of alterations focusing on accredited entities. The Secretariat recognized the capacity restrictions that mostly direct access entities face. Specifically, the revised draft lifted the obligation to report on private climate finance mobilized, so that entities will only have to report disaggregated data on private and public finance.

The policy further introduces a couple of principles: (I) no minimum amount of co-financing will be required and no specific sources of co-financing imposed; (II) projects should seek to incorporate co-financing; (III) GCF will avoid co-financing as stand-alone metrics; (IV) it should be assessed in conjunction with other indicators; and (V) the non-incremental costs should be covered by other sources.

The Secretariat will start reporting private climate finance mobilized to the OECD as of 2021 based on 2020 data. In the decision, the Board further requested the Secretariat to design and implement a capacity-building programme as part of the readiness programme to support direct access entities in the implementation of the policy. One Board member expressed strong appreciation for the new policy draft, as it reflected the differences in capacities across developing countries well. The Board approved the policy without further deliberations.

### **Status of GCF resources and portfolio performance**

The Co-Chair invited the Secretariat to provide an update on the overall status of the 111 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 5.2 billion with USD 13.6 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 310 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 (42%) and grants (45%), followed by equity (9%), results-based payment (2%) and guarantee (2%). The approved funding proposals in the GCF portfolio target 99 developing countries. The Secretariat informed that of the total approved proposals, 67 are under implementation and worth USD 3.1 billion in GCF funding.

Board members welcomed the report. Some praised the fact that more than 50% of funding proposal targeting adaptation are being implemented in Least Developed Countries, Small Island Developing States and African Countries. One member sought clarification whether the numbers regarding tonnes of CO<sub>2</sub> reduced and beneficiaries reached were actual or anticipated figures and how the Secretariat plans to assess the impacts of the project portfolio in the future. The Secretariat pointed out that the indicated numbers were anticipatory and that further work is undertaken to develop a methodology to track the actual impacts of the GCF project portfolio. Other members highlighted the slow disbursement of GCF resources in light of funding proposals that have already been

approved in 2015 and urged the Secretariat to expedite the necessary processes. The Executive Director responded that funding proposals approved between 2015 and 2017 were in part approved without Accreditation Master Agreements (AMAs) in place, which has seriously delayed the disbursement of funds. Since signing of the AMAs, the time between project approval and first disbursement has decreased significantly. The Board took note of the report.

### **Other matters discussed during the meeting**

Beside the issues described above, the Board also addressed other matters during the meeting. Some agenda items were deferred to the next meeting as time was running out in the end.

The Heads of the Independent Units presented the respective Work Programmes and Budgets for 2020, which were approved by the Board without further discussions.

The Evaluation Policy and Guidelines for the effective functioning of the IEU was deferred to B.25, along with the Independent Evaluation of the GCF's Country Ownership approach.

Before closing the meeting, Mr. Nauman Bhatti (Pakistan) was elected as the Co-Chair from developing countries for 2020. A Co-Chair from developed countries will be elected and announced in the intersessional period.

### **Dates and venue of upcoming Board meetings**

As usual, the Board discussed dates and venues of upcoming Board meetings.

Accordingly, the 25th meeting of the Board will be held from 10-12 March 2020 in Songdo, Republic of Korea.

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