



Summary Briefing 29th Green Climate Fund Board Meeting 28 June - 1 July 2021

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 advise 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 28 June - 1 July 2021

From 28 June to 1 July 2021, the Board of the Green Climate Fund (GCF) convened for its 29th meeting. Due to the ongoing challenges imposed by the global COVID-19 pandemic, the meeting was conducted once again in a virtual setting, focussing on procedural and administrative matters, as well as a couple of policy items, such as the Integrated Results Management Framework. Furthermore, the Board considered the approval of four funding proposals (requesting US\$ 501.1 million of GCF funding) and the accreditation of ten new implementing entities.

Opening of the meeting, adoption of the agenda and adoption of the report of the twenty-eighth meeting of the Board

The Co-Chair opened the meeting by welcoming all new and previous Board and Alternate Board Members, the GCF Secretariat, Active Observers and other stakeholders following the virtual Board meeting.

Board members stressed the need for greater compliance with the Rules of Procedure (RoP) in the process of preparing Board Meetings. This should include the timely circulation of an annotated agenda as well as making all relevant meeting documents available at least 21 calendar days in advance of the Board meeting. In case documents will be delayed, there should be at least a table indicating the open documentation to be uploaded. The Co-Chairs reasoned this by referring to intense discussion on preparatory documents until shortly before B.29 and promised to aim for a higher compliance with the

RoP in upcoming meetings. On the matter of 'no annotated agenda being circulated', a Board Member also criticised that the "Updated Workplan of the Board for 2020 – 2023" should have been included (originally part of the agenda for B.28, but item not opened) as well as the Review of the Simplified Approval Process (SAP). Additional Board Members also underscored the need to address the SAP Review at the latest at B.30. The Co-Chairs replied concerning the workplan that they would like to undertake further consultations before presenting the update for discussion in a Board Meeting at that the review of the SAP has not yet been ready for this meeting, but that the plan is to present and discuss it at B.30.

Following the discussion of the agenda, the Co-Chair called for the adoption of the report of B.28, which was confirmed without any objections.

Decisions proposed between the twenty-eighth and twenty-ninth meetings of the Board

Since B.28, a total of 9 decisions have been adopted, including:

- Accreditation of observer organizations;
- Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment;
- Administrative Remedies and Exclusion Policy;
- Selection process to recruit the Head of the Independent Evaluation Unit;
- Evaluation Policy for the GCF;
- Appointment of member of the independent Technical Advisory Panel;
- Launching the Second Performance Review of the Green Climate Fund;
- Audited financial statements of the Green Climate Fund for the year ended 31 December 2020;
- Amendment to the Evaluation Policy for the GCF: Updated Terms of Reference of the Independent Evaluation Unit.

After a short recap of the decisions, the Co-Chair invited Board Members for comments. A part of the Board acknowledged the flexibility and effort of the Board Members to reach such a high number of agreements in-between meetings, even on policy items such as the Evaluation Policy, while another part of the Board was rather critical towards this practice, underlining that the RoP usually only foresee this process for exceptional cases and that it would also be more transparent to take decisions during official Board meetings. One Active Observer also underlined that an increasing number of decisions being made in-between Board meetings would also not be beneficial to the transparency of decision-making at the GCF. Especially from an observer perspective, no participation in these in-between Board meeting decisions is possible due to the lack of a formal process. Therefore, the idea was brought forward to set up such a formal process for sharing observer concerns for the case of in-between Board meeting decisions. The Co-Chairs took note of the concerns shared.

Report on the activities of the Independent Redress Mechanism

The Co-Chair invited Mr. Lalanath de Silva, Head of the Independent Redress Mechanism (IRM), to present the status of the development of "Guidelines for Board consideration of IRM reports". Mr. de Silva briefly outlined the past process for the Guideline development, stating that a revised draft should have been discussed at B.27, but was not considered by the Board due to a lack of time. Afterwards, the Co-Chairs proposed the document as a in-between Board meetings decision, which received an objection by a Board member, which has not yet been resolved. Mr. de Silva invited the Board for advice on how to finalize the document and related adoption process.

The Co-Chair opened the floor to the Board, especially inviting the Board member who filled the objections to reiterate his concerns again. The Board Member underlined the IRM's accountability function for the GCF, but also shared concerns (e.g. conflict with

paragraph 1 of the RoP, language). The Co-Chair suggested having more consultations on this matter and suspended the item.

Report on the activities of the Secretariat

The Co-Chair invited Mr. Yannick Glemarec, Executive Director (ED) of the GCF, to give a presentation of the report on the activities of the Secretariat, which summarizes the progress towards the six overarching goals of the Secretariat's 2021 workplan. The ED started off with giving a general overview of the status on the key performance indicators (KPIs), underlining that the Fund is progressing well (i.e. expectation to reach at least 80% of KPIs within 2021). He highlighted that, for example, an approval of the proposals presented at B.29, would already result in reaching 95% of the GCF funding target for 2021 (overall target between USD 1.8 billion and USD 2.2 billion). In addition, 95% of the disbursement target for 2021 will also be reached at the end of June (overall target between USD 2.2 billion and USD 2.7 billion). Being put into perspective, the annual disbursements for 2021 will be as much as the cumulative disbursements of the previous years since the operation of the GCF.

He commenced with a more detailed presentation for each priority area:

On **Priority Area 1** (Origination, Development, Appraisal of Transformative Investments), he highlighted that it was a persistent challenge to meet all the six programming targets at once, which the Update Strategic Plan provided (e.g. adaptation / mitigation balance, geographical balance, impact per dollar invested, increased DAE proposals, private sector finance). He highlighted that there is a need for more engagement with direct access entities (DAEs) (only 21 have approved proposals) and for more adaptation projects coming from DAEs and private sector. Ways to bring these topics further is the formulation of a DAE Action Plan and of a private sector strategy, which will be submitted for Board consideration at B.30. In addition, he highlighted that more projects and programmes at the concept note stage need to be developed into full funding proposals.

On **Priority Area 2** (Financial Plan for GCF-1), the forecast for the funding volume of the upcoming meetings was addressed. It was underlined that the current level of funding per Board meeting (around USD 1 bn) will decline throughout 2022 due to contributions payments only becoming due at a later stage. A way of regulating this expected decline is currently to ask contributors for advanced payments and to secure additional funding (e.g. USA).

On **Priority Area 3** (Portfolio Implementation) it was mentioned that there is still a need to increase the expenditure of resources. However, there were also 54 requests by accredited entities (AEs) for more flexibility in implementation due to the COVID-19 pandemic.

On **Priority Area 4** (Supporting the Board and Policy), Mr. Glemarec mentioned that the Secretariat developed a template for policy development and made progress on the complementarity between the GCF and the Global Environment Facility (GEF) (i.e. establishment of a joint committee approved by the 60th GEF Council in June).

On **Priority Area 5** (Improving Access to Resources), it was presented that further work is needed on efficiency and ensuring a common understanding on the quality of proposals. On average, it currently takes 12 months from proposal review to the first disbursement.

Finally, on **Priority Area 6** (Building Institutional Capacities) a spotlight was brought to the fact that the GCF was able to deliver despite the hardship imposed by the pandemic. However, regarding the work culture, it was raised that there is room for improvements (e.g. work-life balance, remuneration, career options). This point also included a reflection on the issue of staff complaints, which has significantly improved through measures such as establishing an independent investigation unit. Another issue addressed under that area was also privileges and immunities (P&Is) for GCF staff. Currently, the GCF engages in 89 countries without negotiating P&Is, which is, from the perspective of the Secretariat, a systemic risk for the organisation. The ED made a request to the Board to include the Secretariat's addition in the report of the COP, so that the Conference could address the P&I situation of the GCF.

Following the presentation, Board Members were invited for feedback and questions.

Multiple Board members acknowledged the achievements of the Secretariat despite the pandemic, but also encouraged the Secretariat to not neglect ensuring a pleasant work culture. More information was requested on the status of the “Climate Resilient Recovery”, which had been set up in the past year by the Fund. The search for more coordination with the GEF was also met with approval. One Board Member highlighted that the Board needs to think about what long-term vision to communicate to the GEF and another member stressed the need for more ambition on the cooperation. The DAE action and the announced private sector strategy were also positively noted. Concerning the difficulty of reaching all targets defined by the Updated Strategic Plan (USP), it was suggested that the Secretariat shall continue to report on the status in order to flag big discrepancies in a timely manner. Another issue addressed was the portfolio audit of the United Nations Development Programme (UNDP) and when the findings would be presented to the Board. Finally, the topic of P&I was met with diverging views, with the majority not supporting the approaches suggested by the Secretariat to seek integration in the UN system or recognition as a specialized agency. Following the Board Members, an Active Observer added a comment that the Secretariat should improve its engagement with other stakeholders, including an improved transparency of its work (e.g. announcing when country programmes are under development in a country).

The Executive Director replied to questions with the following additions: On “Climate Resilient Recovery” he said that the Secretariat has received 23 proposals till date, but that the programme would be continuing. A report on the results of this initiative would only be possible after its conclusion. On the cooperation with the GEF, Mr. Glamarec highlighted that a high level of ambition is foreseen (e.g. also joint programming, for example first full Amazon programme) and that the Secretariat will organize a poll to get input by all Board members on the long-term vision. Concerning the different objectives to meet, he took note of the suggestion by the Board Member, but also said that there might be the need for a prioritization within the pipeline. Although there is currently a setback on the adaptation portfolio target, no positively evaluated mitigation project had been withheld from presentation to the Board. On the topic of the UNDP audit, it was mentioned that the Secretariat has received material, but asked UNDP to develop some action plans on how to address the identified issues before these documents will be presented to the Board. On P&Is, the Secretariat would like to continue the dialogue to further explain its view on the issue and the identified routes of action. Regarding the matter of stakeholder involvement and information disclosure, Mr. Glamarec said the Secretariat is committed to provide information and that some hardship imposed by COVID-19 on the Secretariat's capacity might have also been the reason for the criticism of its latest performance in this area.

Integrated results management framework and results tracking tool

The Co-chair presented a new version of the Integrated Results Management Framework (IRMF). The IRMF updates the GCF's results architecture and related measurement and reporting approaches for the first replenishment period of the GCF. It also seeks to further strengthen the ability of GCF to measure and report the impact of its investments by updating GCF's results architecture to operate in improved alignment with the GCF Investment Framework, and enabling more consistent measurement and reporting of results from the project/programme level.

The revised version included a number of changes resulting from consultations and engagement with Board members. As these consultations reflected a wide range of views, this new version was an attempt at reaching consensus between them. The main changes from the version presented at B.28 included: new and additional funding to support developing countries in implementing the new framework; a proposal to bring the resulting Handbook to the Board for approval; the assurance of consistency between the new IRMF, the Governing Instrument (GI) and the Investment Framework; as well as assurances that the measurement of paradigm shift would be country driven and not infringe on countries sovereignty and that no additional barriers will result from the new

framework for countries to access funding.

Several Board members expressed their concerns about the new version. For some, concerns over the new IRMF creating new requirements that would result in impediments for access and eligibility still remained; as well as concerns over the concepts of paradigm shift, enabling environment and systemic change not being sufficiently country driven. Other Board members expressed concerns about the document weakening the ability of the GCF to promote paradigm shift, as stated in its GI, as well as weakening the relation between paradigm shift and sustainable development. Additionally, some concerns were expressed about the proposed IRMF not allowing the GCF to track progress on all Paris Agreement's goals, including the one stated in paragraph 2.1c. Finally, there was some opposition to the Handbook being brought before the Board for approval.

After prolonged discussions and consultations (also on procedural issues) which took most of day two and three of the meeting, a small group of six Board Members was mandated to work on the remaining issues, with the view of presenting a new version of the document.

Accordingly, a newly revised version of the IRMF was presented to the Board on the last day of the meeting. A representative from the Secretariat provided an overview of the adjustments, hinting at the key issues that were resolved, including e.g. alignment with the language of the Governing Instrument (GI) for the cases of paradigm shift and sustainable development; defining the dimensions of paradigm shift; defining the term enabling environment; language related to the reference to 2.1.c; language related to the investment framework; support to be provided to DAEs; and the issue of the results handbook to be brought to the Board for approval. The revised draft of the IRMF was ultimately adopted by the Board.

Consideration of funding proposals

The Board considered four funding proposals, requesting a total of US\$ 501.1 million of GCF funding, and representing a total value of US\$ 2,948.8 million. With the approval of these four funding proposals, the total number of projects and programmes funded by the GCF would reach 177, with a total GCF funding amount of US\$ 8.9 billion and a total value of US\$ 33.3 billion when including co-financing.

In their presentation, the Secretariat stated that seven funding proposals were reviewed prior to B.29, but that only the four presented received the endorsement of the independent Technical Advisory Panel (iTAP). Of the four proposals that were endorsed, one targeted adaptation, two targeted mitigation and one was cross-cutting; while two adaptation proposals did not receive iTAP's endorsement, and one cross-cutting proposal was eventually targeted solely to mitigation, at iTAP's suggestion. The Secretariat also stated that, compared to the proposals considered at the last Board meeting, the current proposals represented an increase in the share of private sector funding, as well as a significant increase in the share going to direct access entities. However, it also represented a decrease in the share of funding for adaptation.

Board members welcomed the Secretariat's presentation. Several members raised concerns about the lack of endorsement from the iTAP for many adaptation proposals, based on an assessment of weak climate rationale of these proposals. While the importance iTAP's role and the expertise of its members was stressed, some Board Members criticised the iTAP's judgements on certain criteria for some of the projects not having been included in the presentation to the Board in past meetings. Some saw this issue as going beyond this particular meeting, and concerning iTAP's role in making it more difficult for some developing countries to access GCF funding, by applying a stringent definition of climate rationale, backed by data requirements that were a challenge for developing countries to fulfil. A proposal was made to suspend a previous Board decision (B.17/09) allowing the iTAP to decide which proposals reach the Board for approval, based on their technical analysis. Others suggested that the Board needed to establish better guidance for the iTAP to conduct its technical work, especially concerning the review of the climate rationale of adaptation projects and programmes. The head of

the iTAP was given the floor to explain that many rejections do not result only from concerns of climate rationale, but also from concerns about potential damage to the GCF's reputation. He also clarified that the panel operates based on Board decisions, and that the panel understood and had started working on further guidance for establishing climate rationale.

There was broad consensus amongst Board members on the need for further guidance on climate rationale and for addressing other potential policy gaps. However, no consensus was reached on whether iTAP's endorsement should continue to be needed for proposals to reach the Board. While some Board members saw iTAP's role as crucial and did not support suspending the previous Board decision assigning iTAP the role of "gatekeeper"; others saw it as creating barriers for developing countries to access funding.

Due to time constraints and differing views among the Board members, the Co-Chair announced to set up a consultation process on matters related to the ITAP before bringing this item back for discussion to the full Board at the next meeting.

The Board decided to approve all four funding proposals:

- **FP165:** *"Building Climate Resilient Safer Islands in the Maldives"*, Japan International Cooperation Agency (JICA); Maldives; US\$ 25.1 million
- **FP166:** *"Light Rail Transit for the Greater Metropolitan Area (GAM)"*, Central American Bank for Economic Integration (CABEI); Costa Rica; US\$ 271.3 million
- **FP167:** *"Transforming Eastern Province through Adaptation"*, International Union for Conservation of Nature (IUCN); Rwanda; US\$ 33.8 million
- **FP168:** *"Leveraging Energy Access Finance (LEAF) Framework"*, African Development Bank (AfDB); Ethiopia, Ghana, Guinea, Kenya, Nigeria and Tunisia; US\$ 170.9 million

Consideration of accreditation proposals

The Secretariat presented the status of the pipeline of entities seeking accreditation, as of 31 May 2021. At that point, 96 entities were seeking accreditation of which 75 were in Stage I and 21 in Stage II. Overall, 103 entities have completed accreditation (60% Direct Access Entities (DAEs)) of which 88 are in Stage III (legal agreements signed, 77 with effective legal agreement). The Secretariat also reported on some improvements made to the accreditation process itself, namely the successful launch of the Digital Accreditation Platform (DAP). Through this platform, Accredited Entities (AEs) can already apply for re-accreditation and submit reports. From July onwards, the platform will also handle pre-accreditation submissions (by 15 July) and new accreditation applications (by 30 July). In addition, the Secretariat has also provided training and workshops on re-accreditation and supported National Designated Authorities (NDAs) in identifying DAEs and partner AEs for programming and Country Programme Guidance.

Concerning the entities proposed for accreditation at B.29, the Secretariat outlined that ten new candidates would be presented, including nine DAEs. In addition, there will be one candidate seeking an accreditation update and, for the first time, two candidates applying for re-accreditation. All applications were presented one by one, as there was an objection to approving them as a package. Before turning to the new candidates, the Secretariat presented once more the case of **APL100: Sumitomo Mitsui Banking Corporation (SMBC)**, who did not find the approval by the Board in earlier presentations. In a short debate, the Board Members concluded that SMBC, through a recent announcement on the planned phase-out of fossil fuel investments, has increased its commitment to the values of the GCF and gave approval to its accreditation application. One Active Observer highlighted that, from their perspective, a critical view on SMBC would continue.

In addition to APL100, the following candidates were accredited:

- **APL106:** *Development Bank of the Philippines (DBP)*
- **APL107:** *Development Bank of Zambia (DBZ)*

- **APL108:** *Infrastructure Development Bank of Zimbabwe (IDBZ)*
- **APL109:** *Moroccan Agency for Sustainable Energy S.A.*
- **APL110:** *Vietnam Development Bank (VDB)*
- **APL111:** *Korea International Cooperation Agency (KOICA)*
- **APL112:** *Nacional Financiera, S.N.C., Banca de Desarrollo (Mexico) (NAFIN)*
- **APL113:** *Joint Stock Company TBC Bank (Georgia) (TBC)*
- **APL114:** *Inter-American Institute for Cooperation on Agriculture (IICA)*

On the other accreditations, one Active Observer underlined concerns that KOICA would be accounted as DAE, as most of KOICA's activities are of international nature (i.a. technical assistance) and DAEs are to be understood as developing and implementing projects and programmes for their own countries.

Further decisions made on accreditation:

- **Upgrade** (to large size, to ESS category high): *International Fund for Agricultural Development (IFAD)*
- **Re-Accreditation:** *Agency for Agricultural Development of Morocco (ADA)*
- **Re-Accreditation:** *Secretariat of the Pacific Regional Environment Programme (SPREP)*

Dates and venues of upcoming Board meetings

Regarding dates and venues of upcoming Board meetings, the Board Members adopted the decision prepared in advance of B.29. This means that B.30 will take place from Monday, 4 October to Thursday, 7 October 2021. Due to the continuous uncertainties imposed by the COVID-19 pandemic, this meeting will also take place virtually.

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