



CLIMATE FINANCE ADVISORY SERVICE

SUMMARY BRIEFING

32nd Green Climate Fund Board Meeting

16-19 May 2022

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

This is the CFAS Summary Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Summary Briefing tries to provide a concise, informative update on key discussions that have taken place at each meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the GCF.

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The CFAS Team

Summary from 16-19 May 2022

From 16 to 19 May 2022, the Board of the Green Climate Fund (GCF) convened for its 32nd meeting in the city of Saint John's, Antigua and Barbuda. For the first time since the start of the global COVID-19 pandemic the meeting was conducted in an in-person setting, focussing on policy consultations, such as the update of the Simplified Approval Process (SAP); the review of the initial Private Sector Facility (PSF) modalities and the private sector strategy; and guidance on the approach and scope for providing support to adaptation activities. Furthermore, the Board considered the approval of four funding proposals (requesting US\$ 301.5 million of GCF funding) and the re-accreditation of two accredited entities (Conservation International (CI), Korean Development Bank (KDB)).

Opening of the meeting and adoption of the agenda

The Co-Chairs, Mr. Tlou Ramaru (South Africa) and Mr. Jean-Christophe Donnellier (France) opened the meeting by welcoming all those in attendance and thanking the Government of Antigua and Barbuda for hosting the event. They pointed at the fact that this was the first in person meeting in two years and that provisions had been made to allow for the virtual attendance of some participants, due to certain constraints, particularly linked to venue limitations.

Then, they proceeded to introduce and welcome the new Board members and alternate Board members; after which they acknowledged the Board members unable to attend the meeting, as well as the three GRULAC seats that remain vacant, and hoped to receive the GRULAC nominations soon.

The agenda was introduced, with a clarification that a change was made to reflect the correct title of the Second Performance Review, after which the Board adopted the agenda.

Consideration of funding proposals

The Board considered four funding proposals at B.32, requesting a total amount of US\$ 301.5 million in GCF funding, and representing a total value of US\$ 1,701.2 million when taking co-financing into account. The Secretariat also submitted to the Board a request for the second Tranche of funding for a project approved at B.22 (FP103: Promotion of Climate-Friendly Cooking), for the amount of €21.9 million, in light of the Accredited Entity having met the conditions set by the Board at the time of approval of the funding proposal. This brought the total amount of funding requested to the GCF at B.32 to US\$ 325.2 million. With the approval of the four funding proposals and the approved project seeking Tranche 2 funding, the aggregated portfolio of the GCF reached 196 projects and programmes, with a total GCF funding amount of US\$ 10.5 billion and a total value of US\$ 39 billion, when taking co-financing into account.

The Independent Technical Advisory Panel (ITAP) endorsed all funding proposals submitted by the Secretariat for B.32. Of the funding proposals considered, one targeted adaptation, three mitigation (including the approved project seeking Tranche 2) and one was crosscutting. Two of the funding proposals were presented by Direct Access Entities (DAE) and three by International Access Entities (IAE). Finally, three of the proposals were public-sector proposals, while the remaining two were private-sector proposals. The Board welcomed the diversity of proposals and called on the Secretariat to continue strengthening the project pipeline, with a particular focus on the private sector. Some Board members also noted that Eastern Europe and Central Asia remain underrepresented in the project pipeline and called for an improvement in this. Many Board members focused their comments on the need to ensure that projects involving solar panels have strong safeguards against forced labor in their supply chains, and called on the GCF to apply measures similar to those developed by other multilateral organizations when dealing with them. The Secretariat clarified that the Environmental and Social Safeguards (ESS) of the GCF, still under development, would serve to strengthen the GCF's ability to deal with supply chains, and that they already implement best practices in this regard. Other Board members voiced their disappointment at the number of funding proposals being brought to the Board for consideration, as well as at the low number of projects presented by Direct Access Entities (DAEs). Concerning the number of projects up for consideration, the Secretariat clarified that this is linked to their current commitment authority, but that they expect increases for B.33 and B.34. Finally, concerns about an increase in conditions being added to funding proposals before approval were also voiced, followed by a call to minimize the number of conditions. FP184 was discussed in light of this concern and an agreement was reached to move the condition added to the project from the first to the second disbursement, to facilitate the start of the project.

An objection was raised to the approval of FP186, because the Accredited Entity, a private sector asset manager, was requesting equity funding from the GCF without any commitment to provide co-finance and without providing enough clarity on how they intended to raise additional funding from other private investors. After further deliberations, the programme was finally approved, without conditions added to the approval, but with the understanding that the Funded Activity Agreement (FAA) would include a provision of no-disbursement of GCF proceeds until the AE has provided to the Secretariat a letter of intent from a potential investor, confirming that it is considering investing in senior equity.

The Board decided to approve all four funding proposals and the request for Tranche 2 for FP103:

- **FP184:** *"Vanuatu community-based climate resilience project (VCCRP)"*, Save the Children Australia (SCA); Vanuatu; US\$ 26.2 million
- **FP185:** *"Climate Change: The New Evolutionary Challenge for the Galapagos"*, Corporación Andina de Fomento (CAF); Ecuador; US\$ 65.3 million

- **FP186:** “*India E-Mobility Financing Program*”, Macquarie Alternative Assets Management Limited (MAAML); India; US\$ 200.0 million
- **SAP024:** “*Pakistan Distributed Solar Project*”, JS Bank Limited; Pakistan; US\$ 10.0 million
- **FP103 Tranche 2:** “*Promotion of Climate-Friendly Cooking: Kenya and Senegal*”, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ); Kenya and Senegal; US\$ 23.8 million (€21.9 million)

Consideration of accreditation proposals

The Secretariat presented the status of accreditation and the pipeline of entities seeking to get accredited as well as re-accredited. As of 16 May 2022, 113 entities are accredited with the GCF of which 77 have finalized their legal arrangements with the Fund. In 2022, it is expected that 20 entities will submit a re-accreditation request and an average of 30 re-accreditations on an annual basis are foreseen for the upcoming years. The status of the pipeline of new entities seeking accreditation with the GCF is 138 with the majority of them being Direct Access entities (DAEs) and many of them being the first ones of their respective countries. As outlined at B.31 in March 2022, the Secretariat is facing a high workload concerning (re-)accreditation and is taking measures such as prioritizing re-accreditation requests or focussing on the most mature partners among the new accreditation requests. The presentation was closed with some outlook on the latest advancement of the Digital Accreditation Platform (DAP) to be launched in 2022 (e.g. development of more modules) and stating that NDAs are supported in developing approaches to identify DAEs and partner AEs for programming.

A representative of the Accreditation Panel (AP) presented two cases for re-accreditation, while there was no case for new AE for consideration. The two applications for re-accreditation were:

- **RAPL016:** Conservation International Foundation (CI) (international access, United States), no change to original accreditation scope requested
- **RAPL044:** Korea Development Bank (KDB) (direct access (national), Republic of Korea), no change to original accreditation scope requested

While the re-accreditation of CI was met with unanimous support, the case of KDB led to some discussions. Similar to the re-accreditation request of the Development Bank of Southern Africa (DBSA) at B.31, multiple Board members mentioned that there was an overall positive shift of the bank’s portfolio towards low-emission projects and a positive strategic development (e.g. net zero target). However, as was the case with DBSA and also the Sumitomo Mitsui Banking Corporation (SMBC), it was suggested to reflect on KDB’s climate finance framework as well as its net-zero targets in the decision text. Some Board members opposed this suggestion, feeling like it would be the introduction of a conditionality to re-accreditation. The Chairs explained that it would be no conditionality, but rather a note or additional information to the decision. After further consultations throughout B.32, the Board approved the re-accreditation request by KDB, including the previously mentioned references in the decision text.

Report on the activities of the Secretariat

As usual, GCF Executive Director Mr. Yannick Glemarec presented the report, outlining the activities of the Secretariat up until March 31st, 2022. He explained that the Secretariat has been organizing its work plan around six results areas, covering both the project cycle of the GCF as well as the internal organizational development of the Secretariat. On the status

quo of the Key Performance Indicators (KPI) for each area, he gave some examples for more or less advanced activities.

Among the positive cases was the rapid progress in terms of development of appraisal guidance and tools. The guidance products and tools that have been developed shall be made available on a dedicated part of the GCF website by the end of July, August at the latest, and intend to improve the quality of proposals at pipeline entry. He also highlighted that the work on the risk management framework is on track and stated that the Secretariat will have a look at the GCF'S risk registry, the Fund's risk appetite, and the GCF risk dashboard by the end of the year.

Concerning the less advanced activities, one is the Fund's programme development. He said that the 2022 work plan includes a target to submit US\$ 1.7 billion - US\$ 2.33 billion in FPs to the Board. At B.31, US\$ 187 million was approved, while B.32 has US\$ 327 million for consideration (Total: US\$ 510 mn), which means that by B.33, the Fund could be on track again regarding the 2022 target. However, two decisive factors in this regard will determine whether the fund will be able to meet its target, namely fluctuations of exchange rates and the capacity to mobilize additional resources. As the US\$ has been revalorizing against almost every currency in the world, the GCF faces a structural exposure to foreign exchange risks, given that it is by in-large financed by non-US\$ denominated currencies, while financing projects in US\$. As a countermeasure, the Secretariat is planning to increase its foreign exchange (FX) commitment risk buffer at B.33 by US\$ 150 mn to 320 mn US\$, as well as elaborating the option of a hedging strategy, potentially for the consideration of the Board in the second half of 2022. Regarding the mobilization of additional resources, he outlined that if the Board would approve all FPs at B.32, the remaining funds for the approval of further FPs would stand at US\$ 59 million. As good news, he reported that several financial contributors have agreed to advance contributions from December to June 2022, which would allow a larger work programme at B.33 - the Secretariat has already submitted to ITAP FPs valued at US\$ 460-470 million for B.33. If able to mobilize additional resources the GCF would immediately programme more at B.34 and be able to meet the lower limit of its work plan target. Mr. Glemarec stressed that the GCF today is in a position that it has much more funding projects in its pipeline than financial resources available to fund them.

Another issue where the GCF is behind its envisaged KPIs is in the area of human resources. The Executive Director pointed out that the GCF faces severe headwinds when it comes to recruitment of staff. Firstly, career opportunities are rather limited in a small independent organization such as the GCF. Secondly, there are limited employment opportunities in Songdo for spouses, as well as limited education facilities. He highlighted that this was not a problem at the beginning, as the GCF recruited a lot of junior staff and pre-retirees. Now, with the need to develop the institution further, more skilled and experienced staff was needed, which in most cases also have to accommodate their families when coming to Songdo. In this regard, Mr. Glemarec also reiterated the need to update GCF salary scales, e.g. in order to make them competitive with salaries of other institutions, such as the Asian Development Bank. Measures have also been taken by the Secretariat to address the issues with staff recruitment, such as substantially increasing the talent pool and streamlining the recruitment process.

The Board welcomed the report expressing their appreciation and applauding the Secretariat for great work and achievements despite ongoing global pandemic. Many members highlighted the advancements on sector guidelines, which should contribute to increasing quality at entry point. Others felt encouraged that contributors are willing to fast track some of their financial installments in order to alleviate the resources constraints of the GCF. One member encouraged the Secretariat to continue convening consultation processes and technical sessions in order to support the progress on policy items. Some other Board members expressed concerns regarding the status of accreditation, inter alia on the large pipeline of accreditation proposals, the increasing timelines for presenting AEs to the Board, and the low number of accreditations and re-accreditations presented to the Board for approval. In addition, concerns were shared on the fact that GCF portfolio on

adaptation implementation was still lagging behind, including that there is limited disbursement for adaptation projects in the first quarter of 2022.

Policy consultations

Update of the simplified approval process

An update of the simplified approval process (SAP) has been discussed in the Board for years. The latest attempt to reform the SAP at B.30 in October 2021 did not result in an adoption of the suggested adjustments. Thus, the Secretariat and the Co-Chairs held extensive consultations with Board members to come up with a revised SAP policy at B.32. Ten outstanding issues were presented to the Board of which seven had reached consensus just before B.32. Among those are e.g. simplification measures in proposal development, application processes or optional concept notes. The three remaining issues to be resolved included an increase of the project size volume (a range between USD 20 million and USD 50 million has been discussed), a process for in-between board meeting (BBM) approval and the presumptive impact of the climate rationale.

All Board members expressed their ambition to come to an agreement and adopt the updated SAP at B.32. Most Board members also expressed their disappointment that the simplifications might not be sufficiently ambitious to facilitate and accelerate the approval process in reality. Regarding the climate rationale, representatives from countries with lower capacities, such as LDCs and SIDS, urged for a solution that facilitates the justification of existing climate impacts. Other Board members acknowledged the need to discuss this matter but referred to its importance beyond the SAP. Thus, the Board agreed to cover it in a comprehensive item at B.33. While several Board members pushed the BBM option, others expressed reservations and rather declined it. The Civil Society Observer also stressed transparency and disclosure concerns regarding BBM as well as opposed an increase of the SAP risk category.

After further consultations, the Co-Chairs returned with a compromise to the Board on the third day of the meeting. It included an increase of the SAP volume to USD 25 million, while excluding BBM decisions and not addressing the issue of climate rationale. Despite several Board members stressing their disappointment on discarding the BBM option, this version was finally adopted by the Board.

Review of the initial private sector facility modalities and the private sector strategy

The Updated Strategic Plan (USP) notes that a GCF private sector strategy needs to be developed that (1) strengthens the capacity of NDAs, focal points and AEs to support private investments in climate activities; that (2) de-risks and addresses financing barriers to mobilize private sector resources at scale for climate investments; and that (3) ensures a strong focus on local private sector actors. The GCF private sector strategy document presented at B.32 attempts to translate the USP's strategic priority of catalyzing private finance at scale into action. The Co-Chair introduced the discussion with listing issues that required further deliberation. Among those were the risk appetite of the fund, linkages with the accreditation strategy, prioritization of local SMEs, country ownership, the application of a broader range of financial instruments, the future of the Private Sector Advisory Group (PSAG) and required readiness activities.

A broad discussion among Board members revealed different perspectives on the matter. Some members stressed the need to enhance the focus on local micro-, small- and medium-sized enterprises (MSMEs) in developing countries instead of promoting medium and large international entities. They emphasized that the GCF can act as high-risk fund and does not have to focus on maximizing co-funding, flagged concerns on prioritization of specific private activities that might jeopardize country ownership and stated that the PSAG did not play a helpful role for mobilizing private investments. In contradiction to that, other Board members welcomed a potential future of the PSAG and argued for a broader application of innovative financing instruments to address the private sectors' needs including from new actors such as pension funds. What all Board members stressed was the need to better reflect on "how"

to implement the strategy, i.e. on the elaboration of an implementation plan with more specific activities and timelines.

Finally, the Co-Chairs and the Secretariat presented a revised document to the Board on day three of the meeting, that included stronger language on local actors in developing countries and innovative approaches. It was accompanied by the verbal commitment to strengthen the focus on domestic MSMEs and address the need for greater specificity on operationalization with an implementation plan by B.34. Thus, the Board finally approved the review of the initial private sector facility modalities and the private sector strategy.

Guidance on the approach and scope for providing support to adaptation activities

The Co-Chair opened this item by stating that consultations had been held ahead of the meeting, and they were presenting the guidance to the Board to gather additional comments. Board members highlighted the importance of this document, in light of how relevant adaptation activities are to developing countries and called on the GCF to accelerate its support for adaptation and achieve balance with mitigation.

Some Board members noted the importance of promoting private sector solutions for adaptation and mobilizing private sector finance to close the existing gap in adaptation finance. Others commented on the need to move to a transformational approach, and linked this idea to the scaling up of projects, including through partnerships with other organizations. Other relevant issues, like the inclusion of nature-based solutions, disaster risk and insurance finance and locally led adaptation were also mentioned. Board members welcomed the general direction of the proposed guidance, especially on engaging the private sector. Nevertheless, many Board members considered that the guidance did not respond fully to the mandate from which it emanated and that it did not respond adequately to the Independent Evaluation Unit (IEU)'s evaluation of the adaptation portfolio and approach of the GCF. The proposal was also considered to lack concrete steps for its implementation, thus needing additional clarification for how the GCF is expected to carry out the proposed approach. Particularly, clearer guidance for stakeholders to facilitate project origination, as well as addressing additional issues like gender, reaching the most vulnerable, and emerging issues like Loss and Damage, were needed. Finally, many Board members agreed that the topic of climate rationale, mentioned in the document, should be addressed separately from the guidance.

After further discussions, the Co-Chairs requested the Secretariat to continue consultations with Board members on the guidance and closed the item without a decision.

Updated workplan for 2022–2023: Strategic planning and programming matters

Co-Chair Jean-Christophe Donnellier presented the current state of play regarding strategic planning and programming matters, namely the GCF's Second Performance Review (SPR), the start of the second GCF replenishment process (GCF-2) and the GCF's Second Updated Strategic Plan (USP-2).

As decided by the Board, the second replenishment process is to officially start 18 months prior to the end of GCF-1, which translates into a start in July 2022 and to conclude by the end of 2023. A summary of the SPR is planned to be presented at B.34, with the final report ready for adoption at the first meeting of 2023 (B.35.) The USP-2 is planned to be in place before the end of 2023.

There was consensus among Board members for the need to ensure a replenishment process that is open, inclusive and transparent, allowing all voices from relevant stakeholders (e.g. such as recipient countries, civil society organizations, indigenous

peoples, private sector, etc.) to be heard. Although some expressed the preference for the process to be “owned by the contributors”, all agreed that the process shall be owned by the GCF Board, building on the good experience from GCF-1. Others stressed the need for political leadership and a process that is structured to gather the necessary momentum. Furthermore, the national budgeting processes of many potential contributor countries were raised, which require sufficient time and information in advance. In addition, one Board member highlighted that a replenishment process requires large political resources and that therefore countries needed to be united, in order to have enough resources to strengthen GCF activities in the four years after GCF-1. He also expressed the hope to enlarge the contributor base beyond that of the last replenishment. Members also stressed the need to follow the provisions of the UNFCCC and the Paris Agreement, especially common but differentiated responsibilities and the need to help countries implement their NDCs. In terms of sequencing, several Board members emphasized the need to conclude work on USP-2 prior to the pledging conference, aiming at an adoption of USP-2 in Summer 2023, which according to many Board members, shall take place in Fall of 2023. In order to achieve this, Board members seek to consider a first draft of USP-2 at the end of 2022. Last but not least, members agreed that the SPR shall inform both processes, the development of USP-2 and considerations for the replenishment itself.

Reports on the activities of the independent units

Independent Evaluation Unit

The Head of the IEU ad interim of the Independent Evaluation Unit (IEU) presented the first activity report of the Unit in 2022, covering the period January - March 2022. It started with outlining evaluations and reviews that were submitted (e.g. Independent Evaluation of the Relevance and Effectiveness of the GCF's Investments in the LDCs, Inputs to the Second Performance Review and the progress of the GCF's USP) and are ongoing (e.g. Independent Evaluation of the Relevance and Effectiveness of the GCF's Investments in the African States, Independent Synthesis on Direct Access in the GCF, Second Performance Review). In addition, the IEU currently engages in the development of evidence reviews on the topics of behavioural science and gender impacts. To support the IEU's work, especially evaluations and capacity building efforts, certain tools such as the DataLab and the Learning-Oriented Real-Time Impact Assessment (LORTA) are used. Concerning partnerships and networking, it was mentioned that the IEU acquired full membership within the UN Evaluation Group (UNEG) since January, was present at some events, introduced Side Events alongside GCF Board meetings and enhanced cooperation with research institutes in the Republic of Korea and Mexico. On internal capacity, it was mentioned that there are still 7 open staff positions that shall be filled within 2022. The presentation was finalized with a recap of evaluation standards currently applied, which amount to 15, and with a view to the current budget (e.g. staffing cost currently low due to outstanding hires; no travel costs yet, but more in-person data collection expected in future). The Board members took note of the report and highlighted that the Second Performance Review will further improve the Fund's work and that the insights of the evaluations shall feed into further policy development of the Board.

Independent Integrity Unit

The Head of GCF's Independent Integrity Unit (IIU) started his presentation by reflecting upon the mandate of the IIU, stating that they aim at positioning the GCF as the global leader in climate finance integrity. He then went on to the presentation of case statistics: There has been a decline in open cases and a significant reduction / closure of open cases (37.5 % less than 2021). As of April 2022, there are 5 open cases (3 staff misconduct, 2 project-related integrity violation) and 6 closed cases (2 substantiated, 4 unsubstantiated). In terms of the highlights of the IIU's most recent work, he mentioned the implementation of Investigation Standards, the launch of an integrated online reporting platform and the provision of integrity advisories upon request in 9 cases. In addition, the IIU has done a preliminary Needs Assessment with AEs and delivery partners, explored collaboration

opportunities (e.g. MoUs with AEs) and is undertaking proactive integrity review on ongoing projects and programmes. Concerning awareness raising and communications, IIU developed a good practice guide and training. On its internal capacity, it has enhanced operational efficiencies through new, experienced staff hires. Without further comments, the Board members took note of the report.

Independent Redress Mechanism

A representative from the Independent Redress Mechanism (IRM) started his presentation by outlining that it is the core function of the IRM to address complaints and grievances from persons that are adversely affected by GCF projects and programmes. In addition, the IRM offers advisory to the Board (e.g. management of cases), capacity building and outreach regarding the services of the IRM. On the status of cases, he reported that the IRM did not receive any new complaints under the current reporting period. It is currently handling two cases (FP146 Nicaragua, FP001 Peru). On outreach and capacity building, the IRM representative gave an overview about recent staff hires, outreach events and publications. Regarding the overview of the budget, mediation on the Nicaragua case could lead to increased expenditure in the future. After the presentation, the Co-Chairs moved the discussion to an executive session after which the Board took note of the report.

Report on the activities of the Co-Chairs

Next Steps in the event that a Board member is unable to join consensus regarding the outcome of the balloting procedure

The Co-Chair presented the decision to the Board, stating that in case a Board member expresses that they are unable to join consensus regarding the outcome of the balloting procedure to appoint Board-appointed officials, the Co-Chairs will first continue consulting with the opposing member. If the Board member continues to be unable to join the consensus, the member may make use of the options set in the relevant paragraphs of the Decision-Making Procedures; otherwise, section V of the Decision-Making Procedures shall apply mutatis mutandis to the decision.

After receiving no comments from Board members, the decision was adopted.

Guidelines for the operation of Board committees

The Co-Chair presented the text, with no changes from the one presented at the last Board meeting. Board members underscored the importance of ensuring regional and gender balance and turnover in the committees, while maintaining the prerogative of constituencies to select committee members. Additionally, they expressed serious concerns about the guidelines, especially on the procedure to follow in case no consensus was reached within a committee, on the framing of gender considerations, as well as on the way forward in case the chair of a committee was unable to carry out their functions.

Board members made several suggestions to improve the guidelines. Some requested that the phrase “as appropriate” would be removed from the text on gender considerations. They also presented proposals on how to deal with a lack of consensus in a committee, for example, by introducing a time limit for reaching consensus on any topic. They also added proposals on the number of committees a member could be part of, and on term limits. They also emphasized the importance of transparency and participation of all stakeholders, including observers, and requested that the text did not exclude observers from participating in committees. Finally, the role of the Secretariat in supporting the committees was also addressed.

After listening to the different comments and proposals, the Co-Chairs concluded that further work was needed and offered to continue consulting and fine-tuning the proposal. After further consultations, the Co-Chairs presented a revised draft decision text, adding that the Board will consider the review of committees, panels and groups at B.34. The rest of the text, including the guidelines, remained unchanged because no consensus could be reached to make any other changes. Two Board members expressed their disappointment

that the guidelines had not addressed many challenges and shortcomings in the committees' functioning. However, the decision was finally adopted.

Guidelines to determine in which cases decisions without a Board meeting may be requested

The Co-Chairs opened the floor for comments on the draft. Many Board members mentioned that the Board would benefit from having comments from Active Observers circulated in case of a decision without Board meeting, and supported adding a requirement for the Secretariat to circulate these comments, in the text.

A Board member requested a change, to include additional categories of decisions that could be made between meetings, as presented in previous versions of the document. However, other Board members, showing a lack of consensus on the matter, rejected this request.

The Co-Chairs, seeing that no consensus existed, decided to keep working on the text. However, after further consultations, the Co-Chairs stated that they did not manage to make consensual changes to the text, and requested the Board to approve the text as presented at the beginning.

A Board member expressed that the document failed to increase the possibility for the Board to make decisions between meetings; it failed to clarify when a decision could be made without a meeting or to provide an inclusive and transparent process. On that last point, another Board member made a statement noting that in their understanding of the Rules of Procedure, the rule referring to the circulation of comments included comments made by observers. However, there were no objections to the adoption of the decision, so it was finally adopted.

Matters related to accreditation: report on the analysis of the accredited entity portfolio

At B.31 the Board requested the Secretariat to present an analysis of the accredited entity (AE) portfolio and to identify strengths and gaps in coverage and capabilities. Based on this mandate, the Secretariat presented a document providing information on the accreditation framework through which entities are assessed to become GCF AEs. The analysis details the strengths and gaps in AE coverage as at 31 March 2022 during the initial resource mobilization (IRM) period and the current first replenishment period of the GCF (GCF-1). The analysis further assessed the AE portfolio through the lens of the strategic priorities of GCF as laid out in the Updated Strategic Plan of the GCF (USP) for 2020–2023. Based on this analysis, initial findings and further considerations aim to inform the preparation of an accreditation strategy, as requested by the Board at B.31.

The initial findings of the analysis include that a) the GCF AE network has evolved to include a diverse set of partners with capabilities to programme across any of the financing sizes, financial instruments, environmental and social risk levels and sectors that GCF offers, but that programming gaps remain; b) there are opportunities to align AEs' capacities with GCF's expectations to deliver on programming, aiming to increase the number of funding proposals approved per accredited entity and in doing so, incentivize investment to build institutional capacity; and c) GCF must adapt its capacity to support the evolving AE network, in particular of the Secretariat, the independent Accreditation Panel and the Board.

Board members welcomed the report, with many highlighting the need for the findings of the analysis to inform the development of a dedicated GCF accreditation strategy. Some Members raised concerns regarding the lack of adequate capacity of the Secretariat to handle the increasing pipeline of AEs seeking accreditation with the GCF, further emphasizing the need for a strategic approach on the selection of the right partners for the GCF. Members also stressed the issue of re-accreditation and the topic of "portfolio shifting" which has been discussed at this and previous meetings and the need for some general guidance on this matter. Other members mentioned the need for alignment with the Paris Agreement and the option to formulate clear exclusion criteria for AEs as additional elements to take into account in an accreditation strategy. Furthermore, Board members

expressed disappointment and concerns about the low number of direct access entities (DAEs) from LDCs and the fact that the majority of AEs (58%) are still without a funding proposal in the GCF portfolio. In addition, they urged the Board and Secretariat to take into account the findings from the IEU, who had presented two analyses focussed on both LDCs and SIDS at B.31.

Guidance from the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change

The Board considered an overview table presenting the actions to be undertaken by the Board in 2022 in response to the guidance received from COP26 in Glasgow, including areas for further discussion among the Board.

Inter alia, the Board was urged to explore diversifying its selection of financial instruments for addressing climate risk, including parametric insurance for climatic events; invited to consider ways of improving access to the Fund for local non-governmental and private sector organizations; and invited to further clarify the role of data and information from, inter alia, the Intergovernmental Panel on Climate Change IPCC, and traditional, local and indigenous knowledge and practices in the assessment of concept notes, project preparation funding applications and funding proposals.

The Board took note of the overview, requesting the Co-Chairs, with the support of the Secretariat, to include an overview of progress on the Updated four-year work plan of the Board in the report to COP27.

Second Performance Review

The IEU gave a presentation of the “Rapid Assessment of the progress of the GCF’s Updated Strategic Plan (USP)”, which is the IEU’s contribution to the Second Performance Review (SPR). This was followed by a presentation of the “Approach Paper of the Second Performance Review”, which outlines the work to be undertaken in the SPR. In the presentation of the rapid assessment, the IEU provided a summary of their key findings, structured across three areas: design and management of the USP implementation, policy enablers for the effective delivery of the USP and progress and projections for USP delivery. Several issues were identified, including that only 10% of the policy agenda had been addressed at the cut-off date for the assessment (B.30). There was also a lack of clarity about roles and responsibilities for the implementation of the USP. Finally, the IEU identified six areas that the USP does not actively consider, including loss and damage, complementarity and coherence, stakeholder engagement and REDD+. The presentation on the approach paper focused on the scope, key areas and approach of the review. It also introduced the key methods and data-collection strategies to be used. Finally, it introduced the limitations to the review, including the nascent nature of the GCF portfolio and the rapid timeline for conducting the review.

The Board welcomed the IEU’s work. However, on the rapid assessment, Board members raised several concerns. First, they pointed at the issues identified in the assessment and the presentation, stating that these needed to be addressed. Others voiced concerns about the fact that key indicators of progress, related to finance for adaptation, for LDCs and SIDS, for the private sector, as well as indicators on finance mobilization and access did not point in the right direction.

The Board underscored the need to deal with these issues in the updated USP and through the approval of key policies, like the private sector strategy and the accreditation strategy. Additionally, Board members recommended putting a strong emphasis on coherence and complementarity with other stakeholders, to maximize the GCF’s potential, including

cooperation with local partners. Other pending issues highlighted by Board members included transparency, access for local and non-governmental organizations, the role of country programmes and plans in building project pipelines, stakeholder engagement, amongst others. Concerning the approach paper, board members welcomed the utilization-focused approach. Emphasis was given to the IEU keeping the proposed timeline for the presentation of the final report (B.35), in light of the importance of this review for the update of the USP. After all comments were heard and the IEU was given the floor to present their responses, the Board took note of the reports.

Dates and venues of upcoming meetings of the Board

At B.31, the Board tentatively scheduled B.33 to take place from 27-30 June 2022. However, some Board members suggested moving the meeting into July, as the initially planned dates were too close to the meeting of the subsidiary bodies of the UNFCCC in Bonn (6-16 June 2022), making it difficult for some Board members to acquire visas for the Republic of Korea in time. Other Board members highlighted the need to ensure predictability for all stakeholders, including observer organizations, accredited entities and GCF staff, which would be undermined by changing dates of GCF Board meetings on short notice, only 30 days ahead of the scheduled meeting. The option to hold B.33 in a virtual or hybrid format was suggested as a way forward, which was declined by some Board members. Ultimately after further consultations, the Board decided to hold B.33 from 17-20 July 2022 in Songdo, Republic of Korea, agreeing to request the Secretariat to make arrangements for the virtual participation of stakeholders.

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