

Climate Finance Advisory Service



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Daily Briefing

14th Green Climate Fund Board Meeting (11 October 2016)

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the 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.

Previous daily briefings and other CFAS analyses are available on the new CFAS website www.cfas.info.

The CFAS Team

Summary from 11 October 2016

The 14th Board Meeting of Green Climate Fund (GCF) will take place in Songdo, Republic of Korea, from 12 to 14 October, 2016. Prior to the meeting the Board held a full-day informal meeting on Tuesday, 11 October 2016, to allow Board Members, Alternate Board Members and active observers to exchange general views on some of the key issues for the Fund, including on matters relating to accreditation, REDD+ and the review of the proposal approval process.

No decisions were taken during the informal meeting as most of these issues will again be taken up during the coming days.

Simplified Approval Process

After opening the meeting, the Board started its informal session with a discussion on the simplified approval process. In principle, the Board was supposed to consider and agree on guidelines to operationalize the simplified approval process, as decided at the previous Board meeting in June 2016. However, the issue was ultimately removed from the meetings formal agenda, as the Board concluded to conduct further consultations on the matter during its informal session. Unfortunately, due to technical issues, no livestream could be transmitted to the observer room.

Review of the Proposal Approval Process

Board member continued their deliberations by addressing the general proposal approval process. At its 12th meeting, the Board requested the Secretariat to review the initial proposal approval process, aimed at identifying existing gaps and shortcomings. With a view of concluding the review and presenting outcomes and recommendations by the Board's 15th meeting, members were given the opportunity to share additional views on the matter.

Generally, Board members agreed that the process for project approval needed improvement and welcomed the review as a chance for the GCF to learn from past experiences. Several Board members expressed their concern about the current status quo, where information on funding proposals is published only a few days prior to consideration at the Board meetings, as this prevents a proper assessment and vetting of the funding proposals. Along this line, the Board requested more transparency in the overall funding pipeline, with an in-time disclosure of proposals and their respective Environmental and Social Impact Assessment on the GCF's website. In order to improve the overall process, also in light of generating more high quality proposals, it was suggested to enable an early engagement by Board members in the initial phases of the project cycle. In this context, it was highlighted by many that a two-step process, where projects are already presented to the Board at the concept stage, could be a well-suited measure for members to provide feedback and guidance. Furthermore, many Board members emphasized the need for a more inclusive process, which does not only mean early engagement with relevant actors like the Board, the Secretariat and accredited entities, but also a process which gives a broad range of stakeholders and civil society organizations the opportunity to comment on the proposals. In this context, Board members also stressed the compelling necessity for country ownership not only being an indispensable part of the proposal approval process, but also of the project development phase. Last but not least, Board members agreed that in order to work properly, additional options for decision-making (e.g. deferral and resubmission of proposals) should also be defined.

Consultations on the topic will continue on Thursday, with the aim to agree on a concrete roadmap, with specific priorities, timelines and means to implement the various suggestions made.

Support for REDD+

The Conference of the Parties (COP) in Warsaw encouraged the GCF to play a key role in collectively channelling adequate and predictable results-based finance (RBF). Responding to this encouragement and on request by the GCF Board at its 12th meeting, the Secretariat presented a paper on how the GCF can operationalize payments for REDD+. The paper proposes to adopt a two-track approach composed of one track for financing intermediate, predefined and measurable milestones and a second track for payments for verified REDD+ results. Both tracks would serve as a first step for testing and learning early lessons to inform the further development of a full operational modality for GCF REDD+ RBF and move towards an integrated financing approach for REDD+ within the GCF.

Board members welcomed the paper, with many stressing the huge potential of REDD+ and the relevance for achieving the 1.5°C goal. Regarding a concrete GCF engagement, members felt that any

related activities by the Fund needed to be in compliance with existing frameworks, such as the Warsaw Framework for REDD+ and be complementary to existing processes, e.g. under the Forest Carbon Partnership Facility (FCFP) or the UN-REDD Programme, where lots of experience and lessons learnt have been made regarding the financing of REDD+. Members also highlighted the need for the GCF to be the "gold standard" in terms of ensuring a high level of environmental integrity. In respect to funding allocation, some members felt it would be premature to allocate a certain percentage of GCF funding to REDD+, let alone creating a new funding window under the GCF. Finally, while there was broad consensus on the need for the GCF to develop an operational framework for REDD+, members felt the initial timeline of agreeing on a framework by B.15 would be too ambitious, as further consultations with different stakeholders were needed. Consultations on the matter will continue during the formal part of the Board meeting.

Co-financing and Complementarity

Before lunch break, the Co-Chairs initiated a discussion on the arrangement for co-financing with other finance delivery channels. Although the co-chairs main intention was to discuss the Fund's complementarity and coherence with other funds, several Board members also used the opportunity to comment on the link between country-ownership and co-financing of funding proposals by domestic institutions. While some Board members felt that co-financing from domestic entities would promote stronger country-ownership, others countered and stressed that country-ownership should be defined on a broader set of criteria and should not be based on co-financing. Further, it was emphasized that co-financing should not be made obligatory, since this would disadvantage national entities from countries with lower income and capacity.

The Co-Chairs clarified that the aim of the discussion was to gather views from the Board on how to use GCF resources to scale-up - and not replicate - the work of existing funds in order to allowing it to play a strong role and adding value by maximizing its impact. Some members pointed out that the GCF should rather sharpen its own profile to meet its goals, and that aligning the Fund with other existing co-financing mechanisms should not be prioritized at the moment. Representatives of the civil society stressed that co-financing in terms of replicating and scaling-up project proposals can already be observed in the current project pipeline, which causes some concern about the additionality of projects.

Ultimately, the Board agreed on the need to decide on policies regarding co-financing and complementarity with other funds. Consultations on the matter will continue when the Board addresses the issue of complementarity at the next Board meeting.

Matters related to accreditation

Before concluding the day in an executive session, the Board addressed matters related to accreditation. The Accreditation Committee (AC) shared their work progress on the "Further Development of the Accreditation Framework". The Committee stated that after extensive consultations with Board members and observers, major gaps and open questions were identified,

such as how the accreditation of an entity should relate to its affiliates, whether national entities accredited under the direct access modality could submit projects on behalf of other countries, or what the time requirements should be before an entity can apply for an upgrade of project size and risk category. As further development of the accreditation framework, the AC suggested to define balance, coverage and diversity; to further elaborate the fit-for-purpose approach; to review the accreditation categories; to evaluate the impact on the Secretariat budget, given the long pipeline in accreditation; to consider a “simplified accreditation process”, and to establish a mentorship programme for national entities in Small Island Developing States, Least Developed Countries and Africa.

Board members welcomed the presentation, requesting some clarification on some of the issues addressed. For instance, some Board members questioned the prioritization of direct access entities from specific regions. One Board member suggested establishing a real dialogue and discussions about the accreditation issues raised, as this was one of the most important topics affecting the GCF and its way forward. Other members appreciated the suggested approach to address the gaps and ensure a quality pipeline, and recommended the Secretariat and the Board to bear in mind the related cost impact. Suggestions were made to consider current and future resources available to the GCF Secretariat, in order to meet the increasing numbers of request for accreditation, given that the accreditation issue was not just about allowing significant numbers of national entities become accredited to the GCF, but rather about increasing ownership of projects locally.

As a conclusion, the Chair thanked the Committee for their presentation and all those who delivered comments and suggestions. He reminded that the current accreditation process is a costly, time consuming, and complex process that is not as inclusive as it should be, and that policy gaps needed to be addressed. In terms of next steps, the Accreditation Committee was asked to continue developing its suggestions and options to address the identified gaps. Consultations on this topic will resume during the formal part of the Board meeting.

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