

Climate Finance Advisory Service



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Daily Briefing

11th Green Climate Fund Board Meeting (3 November 2015)

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 SCF.

Summary from 3 November 2015

On Tuesday, 3 November 2015, the Board of the Green Climate Fund (GCF) reconvened for day two of its 11th meeting by addressing some of the more controversial items on its long agenda.

Strategic Plan for the GCF

As the first agenda item of the day, the Board resumed its discussion on a strategic plan for the GCF, providing members with the opportunity to express their views on the matter. There was agreement among Board members that a strategic plan should serve as an important tool to help the GCF achieve its objective, as set forth in its Governing Instrument. There was broad agreement among Board members on the urgency for the Fund to support ambitious action in developing countries. Different Board members identified elements that could make the GCF unique and should be elaborated in the strategic plan, including the objective to support a paradigm shift, country ownership and direct access, achieving balance between adaptation and mitigation, applying a gender-sensitive approach, supporting capacity building and readiness, as well as private-sector engagement. It was pointed out that by offering a broader vision for the GCF a strategic plan would help guide the fund away from business as usual. The GCF being a learning institution, the plan should be a "work in progress" subject to regular review.

The Board agreed to set up a small group (consisting of Board members from Egypt, Chile,

Germany and Australia) to develop a draft decision containing terms of reference for the preparation of a strategic plan, with a view to adopt the plan at the twelfth Board meeting. In this regard, an informal meeting of the Board in early 2016 was also suggested by several members.

Arrangements for the First Formal Replenishment

The GCF secretariat opened the agenda item by presenting the corresponding background document, which lays out a proposed approach to the first formal replenishment of the Fund, to follow after the initial resource mobilization. Currently, the replenishment process is set to start when 60% of the signed contributions from the initial resource mobilization have been programmed. The background paper suggests to clarify this "trigger", using one of two options: (i) project and programme funding approvals have reached 60% of the contributions signed by the 11th Board meeting (around USD 5.8 billion) or (ii) the end of June 2017.

While there was general consensus among Board members that this was an important issue to consider, there were divergent views on which trigger mechanism should be applied. Some Board members emphasized the importance of providing predictability and scaling up the resources available, in order to give developing countries the necessary assurance in the planning processes and address their growing needs. Therefore, they supported the two options put forward in the background paper, with a preference for setting a clear date of June 2017. Other Board members stressed that the 60% threshold should continue to be applied to the whole Initial Resource Mobilization process, taking the committed USD 10.2 billion at the end of 2014 as the basis for calculations. They stressed that results and impacts achieved by the Fund should be assessed in order to unlock further contributions. Further, they were of the view that it was premature to discuss concrete details of a replenishment process at this point in time.

Summarizing the deliberations of the Board, the co-chairs proposed to request the secretariat to prepare a new document, incorporating the points raised by Board members and for the Board to continue the discussion on this agenda item at the next meeting. A short draft decision on this way forward will be prepared by the co-chairs for consideration by the Board.

Consideration of Funding Proposals

In the afternoon, the Board engaged in a long general discussion on the consideration of funding proposals. Before entering into substantive discussions, the Board considered whether to hold an executive (closed) session to address the funding proposals. For the sake of transparency, the

Board decided to continue the deliberations on this agenda item in an open session, first on general aspects and lessons learned from the first round of proposals and then on the eight individual proposals.

Both the GCF secretariat and the Independent Technical Advisory Panel (ITAP) gave presentations on the lessons learned during the first appraisal of funding proposals. As of the 11th Board meeting, the GCF has received 37 funding proposals, requesting a total USD 1.5 billion. Eight funding proposals (requesting USD 168 million) have completed all four stages of the review process and have been submitted to the Board for consideration.

Board members welcomed the presentations, requesting further clarification on certain issues, e.g. how the 37 proposals received relate to the more than 100 concept notes the secretariat had received, and how the selection process unfolds before proposals get forwarded to the Board. Many Board members raised concerns on the limited degree of transparency, as for instance, many parts of the documentation related to proposals and the assessments made by the secretariat and the ITAP were not made available to the wider public. Members also requested clarity on whether the ITAP had consulted with the accredited entities regarding the funding proposals, highlighting the importance of such an approach in order to provide feedback and guidance to the applicants. The issue of country-ownership was also raised by several Board members, stressing that country-ownership was more than the mere submission of a letter of approval. One Board member raised concerns about increasing the indebtedness of developing countries through the deployment of loans instead of grants.

On a more general note, some Board members highlighted that while the funding volume of the first batch of proposals was rather low in comparison with the overall ambition of the Fund, the geographical and thematic balance, as well as the utilization of a wide variety of financial instruments were positive aspects. Several Board members highlighted the need to build a strong pipeline of proposals, inter alia, by providing the necessary resources for readiness support.

The Board will continue its discussion on the funding proposals tomorrow by addressing each of the eight funding proposals individually.



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