

Climate Finance Advisory Service



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Daily Briefing

14th Green Climate Fund Board Meeting (12 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 12 October 2016

On Wednesday, 12 October 2016, the Board of the Green Climate Fund (GCF) convened for the first formal day of its 14th meeting in Songdo, Republic of Korea.

Opening of the meeting

The two Co-Chairs, Mr. Ewen McDonald (Australia) and Mr. Zaheer Fakir (South Africa) opened the meeting, reminding the Board of the people suffering the consequences of climate change and the need for making urgent decisions to address these issues. One member suggested a moment of silence to acknowledge the memories of all the people who lost their life because of climate change impacts across the world, including victims of Hurricane Matthew. The proposed agenda was adopted without amendments. One Board member suggested that the status update on the implementation of the strategic plan should not be part of the Report of the Secretariat, but rather become a standing agenda item from now on.

Report of the Co-Chairs, Secretariat and Committees

The Board adopted the report of its 13th session and took note of the decisions taken between the 13th and 14th Board meeting (including the accreditation of observer organisations and the appointment of a new member to the Ethics and Audit Committee). In their report, the Co-Chairs outlined the activities undertaken since the last GCF meeting in June 2016. Inter alia, they facilitated a High-Level Segment of the GCF Regional meeting in the Pacific, held in the city of Suva, Fiji. They also participated in the 71st session of the UN General Assembly, conducting several meetings with accredited entities, in collaboration with the Executive Director ad interim, Mr. Javier Manzanares. Furthermore, they presented an update to the GCF work plan, containing the proposal to defer some agenda items to later meetings, such as the “Operational Guidelines for the Simplified Approval Process”; the “Pilot Programme to Mobilize Resources at Scale”; the “Gender Policy and Action Plan”; and “Policies and Procedures for Contributions from Philanthropic Foundations and other Non-public and/or Alternative Sources”. Board members approved the proposal, with some highlighting the need to address some of these issues as a matter of urgency, first and foremost the “Operational Guidelines for the Simplified Approval Process” and the “Gender Policy and Action Plan”. One Board member raised a concern and alluded to the difficulties some members face when acquiring visas for the attendance at Board meetings in Korea, suggesting to approach the Government of Korea to elaborate respective visa arrangements.

As usual, the Secretariat delivered its report to the Board of which members took note of, as well as of the reports from Committees, Panels and Groups. Members welcomed the work of the Secretariat during the transitional period, raising questions on the status of recruitment in the Secretariat, as well as the appointment of the heads of the Independent Accountability Units. Since June 2016, the Fund was able to appoint a head for the Independent Redress Mechanism and the Independent Integrity Unit.

Matters related to guidance from the Conference of the Parties

Support for facilitating access to environmentally sound technologies and for collaborative research and development

The Chair of the Technology Executive Committee (TEC) of the UNFCCC reported on their mandate to facilitate access to environmentally sound technologies and for collaborative research and development in line with decision B.13/11 by first providing an overview of the role and responsibilities of the body, and its relevance on the global climate change agenda. The need to ensure coherence between the Technology Mechanism and the Finance Mechanism was identified in order to create enabling environments towards enhanced climate action. To fill existing gaps, a suggestion to host an annual dialogue between the Global Environment Facility (GEF) and the GCF and other existing mechanisms was made to further discuss the issues and continue supporting countries which have developed their national action plans on technology for climate action. The need to enhance experience sharing and collaboration between countries from the South and the North was initiated as capacity-building still remains a challenge to facilitate access to environmentally sound technologies. The TEC therefore held a number of events on the area,

produced technical papers and materials, and currently prepares key messages for COP 22. The report concluded that despite existing gaps and issues, the linkage between the work of the TEC and the GCF activities are closely related and could benefit each other, and encouraged countries to use the Project Preparation Facility which was developed in order to design and implement their national action plans.

A representative from the Climate Technology Centre and Network (CTCN) was invited to report on their mandate related to the financial and technical mechanisms. The Centre invested efforts to mobilise over 200 networks and consortium members, to establish 152 National Designated Authorities (NDAs) and NDEs (National Designated Entities), and provided technical assistance to 154 requests from 57 countries, such as Bosnia and Herzegovina on energy and Ghana on improving crop resilience, as its key activity. The Centre also provided support to the Technology Needs Assessment (TNA) and Technology Action Plans (TAP), and ended its report by reaffirming its commitment to continue supporting the GCF mandate.

Comments from the Board on both reports highlighted that technology development transfer should be used as the right terminology and that establishing enabling environments should be considered as important steps. It was suggested that NDAs and NDEs collaborate closely at the national level, that the GCF uses existing technologies and funding modalities to avoid replicating efforts, and that research institutions and centres should be working on applied research instead of basic research to continue receiving support. It was suggested that the GCF supports innovative technology projects and enhances cooperation in contribution to the Paris Agreement, and that formal agreements between the GCF and technical bodies, such as CTCN and the TEC, should be established. The Co-Chairs invited further comments in written form.

Support for REDD+

Discussions on REDD+ from the informal meeting continued with a presentation from an expert from the Food and Agriculture Organization (FAO) on REDD+ in developing countries. His inputs concluded that the GCF and REDD+ have the opportunity to achieve relevant global and local results which could help to halt deforestation and limit carbon emissions from deforestation and forest degradation, with the possibility to maintain momentum and scale up action. Comments from the Board emphasized the urgency to look at national level engagement to scale up action on forests and climate finance linkages and to mobilize private sector financing for concrete results-based payments related to forestry, agriculture, and land use, in order to benefit local beneficiaries, including indigenous people with respect to their rights. The issues of transparency and inclusiveness were addressed as relevant for the draft decision, as well as operationalization with request to the Secretariat to take concrete measures and consult experts on those areas. It was suggested to develop a Request for Proposals (RFP) and to ensure stakeholders inputs. One Board member called upon robust, coherent, and ambitious actions on forests given the number of people living in and from forests ecosystems across the world. Board members also expressed the need for a proper and clear guidance on how projects in Phase I, II and beyond can be decided, and suggested to consider the socio-economic benefits of REDD+ in this process. The Co-Chairs invited further comments on the decision in written form.

Implementation of the Strategic Plan by the Secretariat

The Co-Chairs invited the GCF Secretariat to report on the implementation of the Strategic Plan and the Country Programming activities. It was noted that a number of activities had been organized over the past months, including discussions with entities; consultations with NDAs and direct support provided to them. Activities therefore contributed to strengthen opportunities, especially in the readiness area. A Pacific Structured Dialogue was established and has enabled the Secretariat to identify 33 projects in the region, with 16 of them to be implemented by existing entities, 6 focusing on readiness activities and others from entities still seeking accreditation. A road map was developed for the region. By the end of 2016, the Secretariat aims for approximately 100 country programmes; to develop a road map for all remaining regions and to produce work programmes for almost all of the accredited entities. In terms of staffing of the Country Programming Division in the Secretariat, it was remarked that there were still several open positions which needed to be filled, and that provisions were made to achieve that by end of this year. Comments from Board members highlighted their appreciation of the well-conducted activities and some made suggestions which the Secretariat promised to take forward.

Update on the Status of the GCF Pipeline

The agenda item started with an overview from the Secretariat on the current status of the Fund's pipeline of submitted project proposals. Currently, the pipeline consists of 44 funding proposals (FPs) totalling USD 3.4 billion, including 11 new FPs that were added since June 2016 and the 10 FPs considered at this meeting.

Several members raised concerns about the balance between mitigation and adaptation proposals within the pipeline. Furthermore, they pointed out that with an increasing number of cross-cutting proposals being submitted to the Board, it was important to have a clear methodology and closer look at how much of the funding for cross-cutting projects could actually be attributed as mitigation and adaptation activities. There was general consensus among Board members that the lack of proposals from direct access entities was a serious point of concern, which has to be addressed at upcoming meetings of the Board. Members perceived this as a clear argument for the need to provide more and faster transfer of readiness support and a need to agree on a simplified approval process for small-scale activities. Apart from that there was a consensus among board members that the process of signing Accreditation Master Agreements (AMAs) needs to be expedited.

Consideration of funding proposals

As the last agenda item of the day, the Board engaged in a general discussion on the funding proposals presented at this meeting. At the beginning, Board members were given an overview by the Secretariat, as well as the Independent Technical Advisory Panel (ITAP), which shared some of its findings. Overall, ten funding proposals will be considered at this meeting, requesting USD 788 million in GCF funding, supporting projects and programmes to the tune of USD 2.7 billion. The ITAP noted a

lack of economic and financial sustainability in some of the project proposals, as well as missing theories of change and paradigm shift potential.

Reiterating some of the issues identified during yesterday's discussion on the review of the proposal approval process, Board members highlighted the essential problem that due to late disclosure of funding proposals, there was no adequate time for thorough assessment and vetting of the projects presented. Hence, Board members were concerned that decisions to be taken on proposals at this meeting could set a bad precedent for future Board decisions. Several Board members emphasized their concerns regarding the absence of no-objection letters from National Designated Authorities (NDAs) for some of the project proposals, suggesting that proposals without no-objection letters should not be considered by the Board at this meeting. Generally, members stressed that funding proposals missing this fundamental requirement, should not be considered by the Secretariat or ITAP in the first place, prior to coming to the Board. Beyond that, various Board members raised concerns whether the long list of conditions included in the ITAP assessment could be fulfilled within a reasonable time or even at all. This, as well as the aforementioned concerns, caused some Board members to question whether projects could be approved at all until the policy gaps in the proposal approval process are resolved.

Ultimately, the Co-Chairs decided to stop the discussion and continue with the topic in the afternoon on 13th October.

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