



Summary Briefing 22nd Green Climate Fund Board Meeting 26-28 February 2019

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 its 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.

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The CFAS Team

Summary

From 26 to 28 February 2019, the Board of the Green Climate Fund (GCF) convened for its 22nd meeting in Songdo, Republic of Korea. With a long agenda, the Board looked to address important issues, such as closing some remaining policy gaps, e.g. on decision-making in the absence of consensus; the adoption of an updated Gender Policy and Action Plan; the review of the Accreditation Framework and the Readiness and Preparatory Support Programme, as well as the consideration of nine funding proposals (requesting USD 440.5 million of GCF funding) and nine applications for accreditation.

Opening of the meeting, adoption of the agenda and selection of the Executive Director of the independent Secretariat

The new Co-Chairs for 2019, Mr. Josceline Wheatley (United Kingdom) and Mr. Nagmeldin Goutbi Elhassan Mahmoud (Sudan) opened the Board meeting, welcoming new Board and Alternate Board Members and thanking the outgoing Co-Chairs of 2018 for their work. The Board swiftly adopted the agenda for the meeting.

On the previous day, the Board successfully reached a consensus in selecting Mr. Yannick Glemarec as the new Executive Director (ED) of the independent Secretariat, in replacement of Mr. Howard Bamsey who stepped down during the 20th meeting of the Board in July 2018.

Board decisions proposed between the 21st and 22nd meeting of the Board

In the intersessional period, fourteen draft decisions were proposed and transmitted to Board Members and Alternate Board Members with the invitation to approve them. However, two of the fourteen decisions were not approved as they received objections from Board members – one related to a material change to funding proposal FP017 (Climate Action and Solar Energy Development Programme in the Tarapacá Region in Chile) and the other one related to the performance evaluation procedure and criteria for the Heads of the Independent Units.

One Board member questioned, why documents on FP017 had not been circulated to civil society observers. The Secretariat explained that the objective of the proposal had not changed and that the matters of confidentiality related to the private sector projects have not been disclosed as per the Fund's policy and the same applied to the changes proposed.

The Board took note of this agenda item.

Reports of the Secretariat, Committees and Independent Units

The interim Executive Director provided an overview on the activities of the Secretariat for the period of 1 September to 31 December 2018. The report contained an update on progress made by the Secretariat in implementing its work programme for 2018. The report highlighted (1) a strengthening of country ownership and readiness; (2) growing a paradigm-shifting portfolio; (3) accelerating implementation and managing results; (4) supporting the Board and GCF accountability to the Conference of the Parties (COP); (5) improving accessibility, complementarity and coherence; and (6) consolidating the Secretariat's capabilities, so as to draw out the interlinkages between work on the overarching goals and progress towards the key performance indicators detailed in the work programme results framework.

It was highlighted that the Secretariat has grown its capacity and work implementation. As of now, 50% of the GCF project portfolio is under implementation. The Readiness and Preparatory Support Programme has expanded its result with 18 countries having developed Country Programmes. The Secretariat was also able to hold a first Structured Dialogue dedicated to Least Developed Countries (LDCs); conduct a first adaptation rationale workshop; a first global National Designated Authority (NDA) conference, as well as a private investment conference.

Several Board members raised questions of clarification to the Secretariat including on the number of Memorandums of Understanding the Secretariat has signed with international institutions and bodies; on how to increase the number of Funded Activity Agreements (FAAs); and the current status of Privileges and Immunities of Board and Alternate Board members while fulfilling their duties. The Secretariat addressed some of these questions and the Board took note of the report.

Regarding the reports from Board committees, the Co-Chairs opened the agenda item requesting the Board Members to comment on any of the reports of the (a) Accreditation Committee; (b) Accreditation Panel; (c) Independent Technical Advisory Panel; (d) Investment Committee; (e) Risk Management Committee; (f) Budget Committee; (g) Ethic and Audit Committee; (h) Private Sector Advisory Group (PSAG); and (i) Ad Hoc Executive Director Selection Committee. The Board noted the reports without any substantial comments. The Board also appointed Ms. Lorena Palomo (Chile) as a new member to the Investment Committee and Mr. Ali Gholampour (Iran) as a new member to the Risk Management Committee.

The Co-Chairs also opened the agenda item requesting the Board Members to comment on the reports of the i) Independent Integrity Unit; ii) Information Appeals Panel; iii) Independent Redress Mechanism; and iv) Independent Evaluation Unit. The Board took duly note of the reports without any comments.

Report of the Co-Chairs

The Co-Chair invited the Board to adopt the report on the activities of the Co-Chairs, including the updated work plan of the Board for 2019 and the response to the guidance from the 24th session of the UNFCCC's Conference of the Parties (COP). Efforts by the Secretariat in exploring complementarity and coherence with the Adaptation Fund were encouraged, especially in enhancing support to small- and micro-sized projects to promote Direct Access and the Simplified Approval Process modalities across developing countries. The Board took note of the report on the Co-Chairs' activities for the period January to mid-February 2019. Due to recent changes in the Board's membership and Co-Chairs' settings, members additionally took note of the Co-Chairs' activities report covering the period of October to December 2018.

Decision-making in the absence of consensus

A proposal prepared by the Co-Chairs for further consultation on decision-making in the event that all efforts at reaching consensus have been exhausted was introduced to the Board. In accordance with paragraph 14 of the GCF's Governing Instrument, the proposal recalled that consensus will remain the preferred principle for decision-making, and that procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted shall only be used as a last resort. Additionally, the proposal stated that the Board may wish to consider a voting procedure as a way to take decisions in the absence of consensus, with each Board member entitled to one vote. While some Board members raised concerns about the issue, which has limited the Board to make progress in its work, others wished that a procedural approach would be found in order to avoid further delay on the matter. The Board had contradictory views on the proposed voting procedure, with some being very critical about the proposal, while others considered it as the best option. Particular issue of disagreement was in regards to the question whether a potential voting procedure should apply to both Board policies and the approval of funding proposals, or be restricted to funding proposals only. One member highlighted that consensus should remain the only way of taking decisions in the Board. After some deliberations, the Co-Chairs appointed Mr. Frank Fass-Metz (Germany), Mr. Cyril Rousseau (France), Mr. Reinaldo Salgado (Brazil) and Mr. Wael Ahmed Kamal Aboul-Magd (Egypt) to conduct further consultations on the matter. Before the end of the Board meeting, the group reported that practical and conceptual consultations were held, however, more time was needed for discussion in order to reach an agreement among the Board with a more detailed guidance. As a result, the Board decided to defer the item to its next meeting.

Decision-making in-between meetings

The outcome of the Co-Chairs' consultations on guidelines on decisions without a Board meeting was introduced, recalling that, in accordance with paragraph 41 of the GCF's Rules of Procedure, the Co-Chairs may judge it necessary to take decisions without a Board meeting on an extraordinary basis and due to procedural or time-sensitive matters. One member suggested allowing observers to have an opportunity similar to the Board to participate in this procedure, while another member requested the Secretariat to ensure full information disclosure on decisions made in between meetings for transparency reasons. The seven-day timeline for Board members to approve or not approve such decisions was criticized given the tight deadline. As members were not ready to adopt a decision on the item, the Co-Chairs suggested establishing a small group to conduct further consultations and report back at the next Board meeting.

Updated Gender Policy and Action Plan 2019-2021

Upon request by the Co-Chair, the Secretariat introduced the updated Gender Policy and Action Plan to the Board. This highlighted the review process conducted on the original policy and action plan as adopted at the ninth Board meeting, with a focus on their implementation and integration in the full range of GCF functions and activities, including in key areas such as accountability, learning and engendering climate change. The Secretariat added that desk reviews and consultations were undertaken in order to assess

the current policy and action plan, which allowed inputs from various stakeholders, including civil society and the private sector. Concrete steps were taken in order to assess how accredited entities implement their own policy and action plans, including in approved projects or programmes. A civil society observer stressed that the current revisions weaken some of the human rights-based GCF policies, such as the Environmental and Social Policy (ESP) and the Indigenous Peoples Policy, and would undermine them by giving leeway to national contextualization. In agreement with the Co-Facilitators responsible to conduct consultations among the Board on the matter, the Co-Chair suggested to defer the item, given that the various concerns were not yet solved. Board members agreed to pursue consultations intersessionally until their next meeting.

Status of GCF resources and portfolio performance

The Co-Chair invited the Secretariat to present the status of the GCF resources and portfolio performance. The report noted that 44 countries/regions and one city out of 47 contributors had signed contribution agreements/arrangements for part or all of their pledges. This amounts to approximately USD 10.2 billion equivalent of the total pledged amount of USD 10.3 billion. The report added that, following the High-level Pledging Conference held in 2014, the actual total amount of contributions (in cash and promissory notes) received by the Fund for its initial resource mobilization (IRM) period was USD 6.9 billion as of 31 December 2018. This represents approximately USD 7.9 billion equivalent of signed contributions. The difference of approximately USD 1 billion is due to the impact of foreign exchange variations between the reference exchange rate and the spot rate used to change non-USD contributions into USD. In terms of portfolio performance, the GCF has 93 projects and programmes totalling USD 4.6 billion, among which 48 are under implementation for a total of USD 2.1 billion in funding and 271 million expected beneficiaries, based on the estimation of the Accredited Entities. USD 442 million has already been disbursed to 36 projects and programmes being implemented. On financial instruments, the largest portion of the GCF portfolio is financed by grants (47%), followed by loan (42%) and by equity (9%).

Some Board members shared similar concerns on the GCF's access modalities, by which 86% of funding is being channelled through international access entities for a total of 71 projects and programmes, while only 14% is channelled through direct access entities for a total of 22 funded proposals. The Secretariat was urged to pursue its efforts in ensuring that the Simplified Approval Process (SAP) becomes effective in the portfolio. Following that, the Board took note of the status of the GCF resources and portfolio performance.

Matters related to the first formal replenishment of the Fund

Strategic Plan for the GCF

In response to the Board's request at B.21, the Secretariat prepared a comprehensive report on the implementation of the GCF initial Strategic Plan. The initial Strategic Plan was adopted by the Board at its 12th meeting to cover the GCF initial resource mobilization period (2015–2018). The report highlights the substantial progress made in delivering the initial Strategic Plan, alongside challenges, lessons learned and areas requiring further work or reform. As the GCF has reached a more mature state of operation, the report also presents some reflections to inform the Board's development of an updated Strategic Plan for the first replenishment period. In this regard, the Board already expressed its intention to revise the Strategic Plan under each replenishment cycle and invited Board members to submit inputs. The Secretariat prepared a synthesis of these input for the Board's consideration, along with a decision on the proposed timeline and process to update the plan.

Board members welcomed the document prepared by the Secretariat as an important input for the replenishment process. Many Board members emphasized that the process of updating the Strategic Plan should be inclusive and consultative in nature, allowing a reflection of views from a wide variety of stakeholders. In addition, some Board members highlighted that an updated Strategic Plan should also take into account the findings of the performance review of the GCF, conducted by the Independent Evaluation Unit. Questions

were also raised regarding the status of the Strategic Plan vis-à-vis the document on "Strategic Programming for the Green Climate Fund First Replenishment", and the proposed timeline.

The Board decided to approve the draft decision presented by the Secretariat, requesting the Secretariat, under the guidance of the Co-Chairs, to present an update of the initial Strategic Plan for consideration by the Board at its 24th meeting, taking into account an inclusive process of engagement with the Fund's stakeholders, including NDAs/FPs, accredited entities, advisory groups, active observers and observer organizations, as well as findings from the performance review of the GCF and the outcome of the Board's consideration of that review. In addition, Board and alternate members, as well as national designated authorities, representatives of accredited entities, members of the Private Sector Advisory Group, active observers and observer organizations were invited to submit inputs on the update of the Strategic Plan to the Secretariat by 30 April 2019.

Strategic programming document outlining scenarios for the GCF replenishment

At the previous GCF meeting, the Secretariat was requested to prepare a strategic programming document outlining scenarios for the GCF's first replenishment "guided by ambitious mitigation and adaptation scenarios based on the GCF's implementation potential, taking into account the needs of developing countries." Based on this mandate, the document presented three such ambition scenarios:

- A 'continuing business' analysis of the GCF's performance if IRM performance is maintained and funding is programmed between current average levels and the portfolio growth trend (USD 3-5 billion per year).
- An 'upper frontier' for ambitious programming, where the analysis shows that in a scenario consistent with a global pathway well below 2°C, the GCF might strive to nearly double its mitigation impact, by increasing the cost effectiveness of its interventions and/or expanding co-financing.
- Between these two frontiers, the analysis presents options for the GCF to deepen its 'pursuit of impact'. This could be achieved through deploying a range of programming measures that invest in developing countries' own ability to drive transformational programming, and also target key areas of alignment between developing countries' needs, impact potential, and the GCF's comparative advantage as a Fund. Delivering a pursuit of impact scenario would be premised on the GCF implementing reform to improve the efficiency and effectiveness of its processes, clarify key investment, look at expanding its instruments and access modalities, and further strengthening its institutional capabilities.

Board members welcomed the document as an important input and a good basis for further discussions. Some members sought clarification on the linkages between this document and the GCF's Strategic Plan, in particular in regards to moving towards the Fund's first formal replenishment process. Many members highlighted the need to strengthen the focus on adaptation and strong adaptation scenarios, with some labelling the proposed scenarios as too mitigation-centric. Others welcomed the reference made to the IPCC Special Report on 1.5°C and emphasized the need to enable countries fulfilling their commitments under the Paris Agreement, e.g. means to implement ambitious NDCs, among others. Furthermore, some members cautioned against the introduction of new terminologies and concepts that leave room for interpretation, such as "climate rationale" or "catalytic investments", and rather stick to the language found in the Governing Instrument, Paris Agreement or the UNFCCC. Last but not least, many members pointed out the need to look at some of the trade-offs that come with different approaches and the need to find an adequate balance between them, such as trade-offs between risk taking and certainty of delivery, impact and innovation, as well as opportunistic versus top down prescription approaches.

The Board took note of the document presented. Some Board members proposed taking a specific decision regarding the "Strategic Programming" document, in order to give guidance to the Secretariat moving forward. However convergence could not be found to arrive at a new decision at this point, but rather to continue under the existing mandates

and decisions, e.g. the one previously taken by the Board on the Strategic Plan.

Report from the group of Board members and alternate Board members representing the Board in the replenishment process

At its previous meeting, the Board requested a group of Board members and alternate Board members, consisting of the Co-Chairs and five representatives of developing countries and three representatives of developed countries, to represent the Board and the GCF in the replenishment process, including to present the outcomes of the Board's deliberations and to report back to the Board on a regular basis.

A first replenishment consultation meeting took place from 22-23 November 2018 in Bonn, Germany, focussed on organizational matters of the replenishment process. About 25 countries were represented. Inter alia, the group agreed on the rules of conduct and discussed the option of setting a minimal threshold of contributions to participate in the replenishment discussions. In this regard, the group agreed that all contributors would be welcome to participate. In addition, the scope and timetable of the process was also agreed. Key input documents for the replenishment discussions were discussed, such as the report on the implementation of the Strategic Plan and the upcoming Performance Review of the Independent Evaluation Unit. Policies for contributions will be determined at a later stage, as well as an outcome report with recommendations.

Moving forward, it was announced that a facilitator, Mr. Johannes Linn was selected to accompany and take charge of the replenishment process. Furthermore, it was decided that the second replenishment meeting would take place in Oslo, Norway in early April 2019. A third meeting will take place later this year, probably hosted by a developing country.

The Board took note of the report.

Readiness and Country Programming

Report of the independent evaluation of the Readiness and Preparatory Support Programme, including the Secretariat management response

The Co-Chair invited Ms. Jyotsna Puri, Head of the Independent Evaluation Unit (IEU), to present the findings and recommendations of the independent evaluation of the Readiness and Preparatory Support Programme (RPSP). The report noted a good alignment of the RPSP's aims, design and activities with the objectives of the UNFCCC, the GCF, the Sustainable Development Goals (SDGs), and the Paris Agreement. The design of the programme which strongly emphasizes a country-driven and country-owned approach for providing climate finance was highlighted. It was added that through the RPSP, the GCF operates in an environment of many global, regional, multilateral and bilateral climate funds, each with their own objectives and characteristics in terms of scope, scale, governance arrangements, funding mechanisms, and organizational processes. Yet, the evaluation showed that the design of the programme is broader and more ambitious compared to these funds, and is consistent with the overall ambition of the GCF. The Director of the Country Programming Division, Mr. Pa Ousman Jarju, presented the Secretariat's management response to the IEU's evaluation. He argued that 84% of eligible countries under the RPSP have approved readiness grants which support their efforts in developing funding proposals, even though the evaluation stated that the RPSP is still disproportionately resource and time intensive with its finance and capacity building support insufficient for pipeline development.

Board members welcomed the evaluation and reiterated their appreciation to the RPSP goals. Some shared concerns on existing gaps between the preparedness, accreditation and project development which could lead to a failure of the programme. In order to align these areas for better coordination and results, it was noted that capacity building and inclusiveness should be considered as important matters to address. Using standardized guidelines rather than country specific guidance under the programme was also criticized, given countries' specific needs to which the GCF aims to better respond through the RPSP. The Board took note of the report of the RPSP's independent evaluation and the Secretariat's management response.

Readiness and Preparatory Support Programme: Revised work programme and forward budget

The Co-Chair invited the Director of the Country Programming Division to introduce the revised work programme and 2019 budget for the RPSP's implementation. This noted that the revised RPSP aims to guide countries towards a longer-term approach to readiness support with a vision and objectives aligned with outcomes and indicative outputs at the country level. The revised areas of work under readiness will move away from input-based approaches towards outcome-based objectives that are cross-cutting and mutually reinforcing. This approach is to provide countries with greater flexibility in how they will deploy readiness resources while ensuring that support delivered is impactful, targeted and measurable. The presenter added that the vision for the revised work programme aspires to ensure that by 2025 all GCF recipient countries have developed the necessary enabling environment, including institutional capacity and robust country strategies, to implement transformational projects and programmes in line with national climate change priorities and GCF result areas. After adding that five regional Structured Dialogues and a Global NDA Conference will be held in 2019, he concluded that the revised work programmes covers five objectives, including capacity building for climate finance coordination; strategies for climate finance implementation; national adaptation plans and/or adaptation planning processes; paradigm-shifting pipeline development; and knowledge sharing and learning.

While one Board member urged the Secretariat to align readiness, accreditation and access to GCF resources by developing countries in order to not dissociate these aspects, one other member voiced that the work programme should contribute to the wider climate rationale of the GCF within countries, and explore strong partnerships with institutions such as GIZ, UNDP, and with other climate funds, such as the Adaptation Fund. It was advised that the work programme integrates recommendations from the independent evaluation of the RPSP. Following these comments, the Board adopted the work programme and USD 122.5 million as 2019 budget for a new phase of readiness support.

Consideration of funding proposals

The Board considered nine funding proposals requesting USD 440.5 million of GCF funding of which two were considered under the Simplified Approval Process, with the rest under normal track. The funding proposal FP082 from China that was not approved by the Board at B.21 was put up again for the Board's consideration at B.22, however, the accredited entity withdrew the proposal before the Board could deliberate on it. The Secretariat reported that with the approval of the proposed nine funding proposals the total number of projects/programmes approved would reach 102, worth USD 5 billion of GCF funding and a total value of USD 17.5 billion considering co-financing.

A number of Board members raised the issue of thematic imbalance between mitigation and adaptation funding proposals. Some also raised that more private sector projects needed to be considered, especially for the energy sector. One Board member raised several crucial points including the need for stating the degree of grant equivalency and concessionality, undertaking a conflict analysis, and strengthening the whistle-blower function at the national level. Many of the Board Members also raised that the Indigenous People Policy and Gender Policy of the GCF must be adhered to in project proposals. Some Board members also raised the issue that funding proposals or at least some summaries needed to be translated into other UN languages.

Funding proposal FP100 titled "REDD+ results-based payments for results achieved by Brazil in the Amazon biome in 2014 and 2015" drew a lengthy discussion. Several Board members stated that this was the first time the Board considered a project proposal under the REDD+ result based payment pilot, hence highlighting the need to get it right from the beginning. It was suggested that the results and analyses generated from this project should be made widely available to other similar projects so that other countries can also learn from it.

A couple of Board members suggested that the Secretariat should review the REDD+ result-based funding instrument and prepare a suggestion for the Board's consideration in 2019, since with the experience from the first REDD+ proposal there was room for improvement on the issue of scorecards. Some of the Board members noted on the environmental integrity of the programme while others questioned the engagement of indigenous peoples, details in the quantities of benefits, e.g. land in hectares, use of proceeds, etc. The project was approved with a few additional conditions resulting from the Board's deliberations.

The Board approved all nine funding proposals, which are as follows.

- FP 100: *REDD-PLUS results-based payments for results achieved by Brazil in the Amazon biome in 2014 and 2015*, UNDP, Brazil, USD 96.5 million in GCF funding
- FP 101: *Resilient Rural Belize (Be-Resilient)*, IFAD, Belize, USD 8.0 million in GCF funding
- FP 102: *Mali solar rural electrification project*, BOAD, Mali, USD 29.6 million in GCF funding
- FP 103: *Promotion of Climate-Friendly Cooking: Kenya and Senegal*, GIZ, Kenya and Senegal, USD 18.8 million in GCF funding
- FP 104: *Nigeria Solar IPP Support Program*, AFC, Nigeria, USD 100.0 million in GCF funding
- FP 105: *BOAD Climate Finance Facility to Scale Up Solar Energy Investments in Francophone West Africa LDCs*, BOAD, Benin, Burkina Faso, Guinea Bissau, Mali, Niger (the), Togo, USD 69.6 million in GCF funding
- FP 106: *Embedded Generation Investment Programme (EGIP)*, DBSA, South Africa USD 100.0 million in GCF funding
- SAP 005: *Enhanced climate resilience of rural communities in central and north Benin through the implementation of ecosystem-based adaptation (EbA) in forest and agricultural landscapes*, UNEP, Benin, USD 9.0 million in GCF funding
- SAP 006: *Building resilience of communities living in landscapes threatened under climate change through an ecosystems-based adaptation approach*, EIF, Namibia, USD 8.9 million in GCF funding

Consideration of accreditation proposals

The Secretariat reported on the accreditation status and also presented nine entities for accreditation. It was reported that as of 31 December 2018, 75 entities have been accredited and a pipeline of 218 entities have issued accounts on the Online Accreditation System. Of the 107 applications submitted for accreditation as direct access entities, 41 have been accredited. It was reported that 31 direct access entities also received support through the Readiness and Preparatory Support Programme to prepare for accreditation.

A number of Board members raised concerns about the balance between direct and international access entities. One of the Board members strongly voiced concerns about the number of entities put up for accreditation with conditions. This would increase the burden on the Secretariat to follow-up with entities and keep track if conditions are fulfilled. One of the suggested ways forward was to increase readiness and preparatory support and only bringing proposals for accreditation forward once the capacity is enhanced. One of the Board members also suggested differentiating the accreditation process along small and large entities as well as the level of risk associated.

The Board approved all nine entities as presented by the Secretariat. The Board also decided to upgrade the United Nations Environment Programme (UNEP) accreditation status to include specialized fiduciary standards for grant award and/or funding allocation mechanisms, in addition to the basic fiduciary standards and specialized fiduciary standard for project management. This brings the total portfolio of GCF accredited entities to 84, of which 48 are direct access entities.

The nine entities accredited at B.22 are as follows:

- Alternative Energy Promotion Centre (AEPC), Nepal, Direct Access
- Environmental Project Implementation Unit of the Ministry of Nature Protection of the Republic of Armenia (EPIU), Armenia, Direct Access
- Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN), Mexico, Direct Access
- National Fund for Environment and Climate of Benin (FNEC), Benin, Direct Access
- The Pacific Community (SPC), Pacific Region, Direct Access
- JS Bank Limited (JS Bank), Pakistan, Direct Access
- Attijariwafa Bank (AWB), Africa Region, Direct Access (private sector)
- Macquarie Alternative Assets Management Limited (MAAML), International Access (private sector)
- Luxembourg Agency for Development Cooperation (LuxDev), International Access

Review of the Result Management Framework: IEU recommendations

Upon invitation by the Co-Chair Ms. Jyotsna Puri, Head of the IEU, presented the findings and recommendations of the independent review of the GCF's Results Management Framework (RMF), including a review of the use and implementation of the Performance Measurement Framework (PMF). While the review found that the RMF assists countries in focusing their projects on result areas of the GCF, including a clear communication on the equal split between adaptation and mitigation, it was noted that it also provides insufficient guidance on how, in the long run, project outcomes are expected to contribute to a paradigm shift towards low-carbon and climate-resilient sustainable development. Additionally, the RMF presents a flexible menu of core, impact and outcome indicators corresponding to the Fund's result areas, with a total of 43 indicators that are treated equivalently by GCF' stakeholders. But the framework lacks clarity in some of its key concepts and has been marginalized in its use by the GCF Secretariat and GCF project-related stakeholders. Among many others, the IEU's recommendations included that the GCF Secretariat develops and operationalizes theories of change for key thematic areas and integrates these into early project proposal development. The Secretariat was advised to update the RMF and the PMF by addressing deficiencies and developing clear guidance on how indicators can be measured. It was also recommended to enable a transparent web-based portfolio management system that allows different stakeholders to view project related information and progress, in addition to elaborate a technical guide that integrates all relevant Board decisions and policies related to the RMF.

The Secretariat's management response to the IEU's recommendations acknowledged that an implementation plan is necessary for a more holistic and coherent approach to the GCF's results management architecture, and agreed to take forward all suggestions. Some Board members criticized the disparity between adaptation and mitigation in the GCF financing, as most resources are allocated to mitigation-related projects from international AEs. The Board welcomed the review and took note of it as well as the Secretariat's management response.

Matters related to funding proposals

Cancellation and restructuring policy

The Secretariat presented the policy on cancellation and restructuring for the Board's consideration. At B.17 the Board had requested the Secretariat "to develop an interim restructuring and cancellation policy, including further options for decision-making, for consideration by the Board no later than its eighteenth session, and a comprehensive restructuring and cancellation policy no later than April 2018". The interim policy was presented at B.18 and subsequent meetings for the Board's consideration but was not adopted, but rather updated following additional input from Board members.

The proposed policy sets out a mechanism for decision-making in respect of an approved funding proposal in situations where there has been i) a failure to fulfil the conditions to be met prior to the execution of the Funded Activity Agreement (FAA) within the time frame; ii) a request for a waiver of a condition imposed at approval; and iii) a change to or

restructuring of the approved funding proposal prior to or after the execution of the FAA. The Co-chair volunteered Mr. Mathew Haarsager (United States) and Mr. Ignacio Lorenzo Arana (Uruguay) to facilitate a discussion among Board Members in order to come to an agreement.

A couple of Board members stressed that the policy must not take away the power from the Board and that the waiver of conditions should not be part of this policy. It was also suggested that transparency among partners and broader stakeholders must be ensured, informed consent between concerned entities should apply and that the evidence submitted by competent partners and authorities needed to be looked into when applying the policy.

The Board approved the document with some amendments, including a strengthening of language around clearer roles of NDAs and focal points; clear definitions of waivers, informing the NDA on the result of the Board not approving the restructuring and issues related to environmental safeguards and indigenous people engagement.

Investment criteria indicators

A proposal by the Secretariat on the investment criteria indicators was presented, building on a two-phase process led by the Investment Committee to produce indicative minimum benchmarks with support from the Secretariat and an external consultancy firm. The document has been updated in the light of the discussions during B.19 and the written comments submitted to the Secretariat following the Board meeting.

In their presentation, the Secretariat highlighted the objectives of having such indicators, namely that they should serve as guidance for the Board when approving, for the Independent Technical Advisory Panel (ITAP) when reviewing, and for the Accredited Entities (AEs) when developing project and programme proposals. It was highlighted that they should not be used as a binary pass or fail test and nor set a single threshold that must be passed. Rather, it should support AEs in describing the extent to which a funding proposal delivers against the investment criteria and provide more consistency and transparency in order to make the preparation and assessment of funding proposals more efficient. Last but not least, the use of investment criteria indicators is expected to lead to an increased quality of funding proposals over time, by increasing clarity on how different funding proposals meet the GCF investment criteria, and highlight where Board, Secretariat and ITAP require additional information or justification.

Board members raised questions on the proposed approach with many highlighting the need to reduce and limit the additional burden imposed on AEs. Some members pointed out the need to avoid introducing any new conditionalities or eligibility criteria and taking into account the special circumstances of Least Developed Countries and Small Island Developing States. Concerns were also expressed regarding the specific indicators. Needs of recipient countries should not only be determined according to the ability of countries to attract other sources of finance beyond the GCF, but also take into account vulnerability and exposure to climate change impacts. Under the indicator on "effectiveness and efficiency", members expressed the view that "expected rate of return" should not be applied to adaptation projects.

After some further consultations, a revised version was presented to the Board, accommodating some of the views expressed. The Board decided to approve the proposed decision, adopting the investment criteria indicators for a pilot phase of one year.

Accreditation Framework Review

At B.18, the Board decided to commence the review of the accreditation framework requesting the Secretariat to present a proposal for the revision of the accreditation framework that includes other modalities for institutions to work with the GCF, as early as the 19th meeting of the Board. In addition, the Board requested the Secretariat at B.19 to further develop the project-specific assessment approach (PSAA), taking into account the views of Board members and the outcomes of the full review of the accreditation

framework. The PSAA is intended to be a complementary modality to accreditation, coexisting alongside accreditation as an additional way for institutions to access resources from GCF, albeit in a limited way. The Secretariat is proposing this approach to address the urgent need to unlock the potential of requests for proposal (RFPs) and the simplified approval process (SAP) as well as to unclog the accreditation pipeline of entities seeking to only engage under these special initiatives rather than on a longer-term partnership basis.

The full review by the Secretariat and the independent consulting firm includes a review of the accreditation framework, as well as recommendations and a process that operationalizes it as well as a review of the broader scope of the partnership between GCF and AEs. As part of the review, the consultant undertook consultations with the various actors in the accreditation process and stakeholders, including the Board, Secretariat, NDAs/focal points, Accreditation Committee, AP, AEs, applicants and observers.

Board members welcomed the review of the accreditation framework. Some members highlighted the project-specific assessment approach as a welcome addition to expedite and streamline the accreditation process. Some confusion arose because the title of the agenda item, as well as the document itself makes reference to the establishment of a portfolio baseline of accredited entities, which is not addressed by the review itself, but rather by a separate item later on the agenda. Hence, some members requested that the title be changed. In regards to the establishment of portfolio baselines, one member stated that it would not be appropriate to setting a commitment of emission reductions on developing country institutions.

After some consultations and amendments to the decision text the Board took note of the review of the accreditation framework, requesting the Secretariat to implement the recommendations identified therein. Furthermore, it also requests the Accreditation Committee, with the support of the Secretariat, to consult with the Board and alternate members, accredited entities and national designated authorities and focal points on matters related to the review of the accreditation framework, and present an updated accreditation framework for consideration and adoption by the Board at its twenty-third meeting.

Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment

The Co-Chair invited Mr. Ibrahim Pa, the Head of the Independent Integrity Unit (IIU), to introduce the proposed interim policy on the protection from sexual exploitation, sexual abuse and sexual harassment (SEAH) to the Board. The presentation recalled the GCF's zero tolerance for all forms of sexual wrongdoing including sexual exploitation, sexual abuse, and sexual harassment, including clear obligations set for the GCF and all individuals under its activities to prevent and respond to SEAH and to refrain from condoning, encouraging, participating in, or engaging in such practices. The presentation described some key areas in the interim policy such as prevention and due diligence, protection for victims and remedies, as well as measures for reporting and investigating prohibited practices. Board members welcomed the interim policy and the idea to conduct training for the Secretariat staff and mandatory training of covered individuals. It was also suggested to cover the Accredited Entities in the targets. A civil society observer stressed that the interim policy should allow a reporting procedure to National Designated Authorities (NDAs). Following that, the Board adopted the interim policy.

Matters related to Board-appointed officials

Performance evaluation and criteria of the Heads of the Independent Units

The Board discussed the performance oversight and criteria of the Heads of the Independent Units, including the related terms of reference previously discussed at its 21st meeting. In his introductory words the Co-Chair urged his peers to conclude the matter in order to allow renewal of contracts for two of the three Heads over the course of 2019. He added that plans are made to hire a consultancy firm to support the members of

the Performance Oversight Committee to conduct performance evaluations for the three Heads of the Independent Units in order to report back to the Board at its 23rd meeting with a forward recommendation. One Board member questioned how much resources would be necessary to conduct the performance evaluation, to which the Secretariat answered that two persons would be assigned the tasks for duration of two months. Following the clarification, the Board adopted the performance review of Board-appointed officials, also allowing the recruitment of a consultancy firm.

Guidelines and Procedures of the Independent Redress Mechanism

The Board considered the document on Guidelines and Procedures (GPS) of the Independent Redress Mechanism (IRM). The Board had requested the Head of the Independent Redress Mechanism to prepare detailed Procedures and Guidelines for the IRM through a consultative process for its consideration. The Board had also adopted specific Terms of Reference in 2017. The Head of the IRM, Mr. Lalanath de Silva, presented the document to the Board stating that it was the product of 18 months long work prepared after various rounds of webinars and consultations with the concerned stakeholders. The document contains distinct roles and the process in handling grievances or complaints. The policy allows the grievances or complaints to be submitted to the IRM by a person or a group of persons or community who has/have been or who may be affected by adverse impacts of a GCF funded project or programme in any language the complainant uses. No detailed discussion took place among the Board's members and it swiftly approved the document. The Board also decided to designate the Ethics and Audit Committee of the Board as the "Board Committee" under the Procedures and Guidelines and entrusts the Committee with responsibility for matters relating to the Procedures and Guidelines of the IRM.

Administrative and budgetary matters

Set-aside for the operating costs of the GCF for 2019 and 2020

The Budget Committee was invited by the Co-Chair to present to the Board the review of the amounts to be set aside for the operating costs of the GCF and the foreign exchange commitment risk buffer for solvency risks for 2019 and 2020 as required. The review was conducted, as requested by the Board at its 21st meeting, in preparation for the first replenishment process with the view to provide assurance to GCF stakeholders that critical functions, such as the ongoing work of the Board, Secretariat, Trustee and Independent Units will continue uninterrupted. The Committee recalled that the Board has already approved the 2019 operating costs of the GCF staffing and independent units and also approved a 2020 estimate budget of USD 71.41 million for Board operation costs, Trustee, Independent Units and for contingency. The Committee estimated that an additional set-aside for 2020 of USD 45 million would be needed, totalling USD 89.11 million. Due to difficulty to predict accurately and the reduction in commitment authority, the Committee estimated a risk buffer set-aside of USD 0.1 billion for 2019 and decided to update the Board on the adequacy at their next meetings. The Committee also added that a detailed budgeting exercise for 2020 will be undertaken by the Secretariat and independent units and presented to the Board at its last meeting in 2019. The Board adopted the set-aside for the operating costs of the GCF for 2019 and 2020.

Other matters

Policy on Prohibited Practices

The Board also made some progress regarding matters related to the Fund's prohibited practices policies. After a prolonged discussion, it adopted the Policy on Prohibited Practices, to replace the Interim Policy on Prohibited Practices adopted by the Board at B.12. It further requested the Independent Integrity Unit, in consultation with the Secretariat, to develop policies on administrative sanctions and exclusions for consideration by the Board in 2019. The policy will be updated if necessary upon adoption of the Policy on ethics and conflicts of interest for active observers at its 23rd meeting. Last but not least, the Independent Integrity Unit was requested to provide a brief report

on experiences and lessons learned to the Board after two years as a basis for a wider review of the policies.

Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy

The Board also discussed Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy. However, the item was deferred to B.23 as consensus could not be reached.

Dates and venues of upcoming Board meetings

Before closure of the meeting, the Board agreed to convene its 23rd meeting in Songdo, Republic of Korea. The initially envisaged dates for B.23 were move back a week, in order to allow some time for preparations after the session of the Subsidiary Bodies of the UNFCCC in Bonn. Accordingly, B.23 will be held from 6-8 July 2019.

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