



CLIMATE FINANCE ADVISORY SERVICE

SUMMARY BRIEFING

31st Green Climate Fund Board Meeting

28-31 March 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 28-31 March 2022

From 28 to 31 March 2022, the Board of the Green Climate Fund (GCF) convened for its 31st meeting. Due to the ongoing challenges imposed by the global COVID-19 pandemic, the meeting was conducted once again in a virtual setting, focussing primarily on procedural and administrative matters. Furthermore, the Board considered the approval of two funding proposals (requesting US\$ 187.6 million of GCF funding) and the accreditation of one new accredited entity. Four accredited entities were presented for re-accreditation.

Opening of the meeting, adoption of the agenda and adoption of the report of the thirtieth meeting of the Board

The new Co-Chairs, Mr. Tlou Ramaru (South Africa) and Mr. Jean-Christophe Donnellier (France) opened the meeting by congratulating and welcoming all new and previous Board and Alternate Board members, as well as the GCF Secretariat, Active Observers and other stakeholders following the virtual Board meeting. The Co-Chairs pointed out that the Secretariat had not yet received the nominations for Board members from the group representing Latin America and The Caribbean; they clarified that they would continue to engage with former Board members from the region, and via other diplomatic channels, to make sure the nominations were sent as soon as possible.

The Board then adopted a decision to officially change the modality of the meeting, which was initially scheduled as an in-person meeting to be held in Songdo, South Korea, but was finally moved to a virtual setting due to the current Covid-19 situation in that country.

Discussions on the agenda focused first on the fact that the agenda was circulated late and lacked annotations. Many Board members also pointed at a lack of substance in the agenda, with almost no policy items and only two Funding Proposals and one accreditation up for discussion. Furthermore, they pointed at specific items that should have been included in the agenda but weren't, especially policies related to the topic of access. They also asked the Co-Chairs to explain how they intended to move forward with some of the items on the agenda. This concerned three items circulated previously as decisions between board meetings that had been objected to, the "Revised terms of reference for the Head of the Independent Evaluation Unit", "Updated accreditation framework" and "Updated guidelines for the operation of Board committees". The Co-Chairs explained that some of these questions could be addressed during the substantive discussions for the item on Decisions proposed between Board meetings; they also pointed at the fact that the relevant documents were under a consultative process and therefore were not yet available. After a commitment on the part of the Co-Chairs to deal with these items during the meeting, the agenda was adopted.

Following the discussion on the agenda, the Co-Chairs presented the report of B.30. They called for the adoption which was confirmed without any objections.

Appointment of Board members to the Committees of the Board

The Board then discussed the matter of the appointment of members to the committees of the Board. A proposal had been circulated, but objections were raised, concerning the gender balance in the committees and the transparency of the nomination process. In light of these objections, the item was suspended. On the final day of B.31, the appointments were adopted as proposed. Following the decision, one Board member made a statement in support of an increased gender balance, both on the Board as well as within the Committees, which was supported by several other Board members.

Board decisions proposed between the thirtieth and thirty-first meetings of the Board

Since B.30, a total 7 decisions have been adopted on a non-objection basis, including:

- Accreditation of observer organizations
- Status of approved funding proposals: Adding new host countries to FP128 (Arbaro Fund – "Sustainable Forestry Fund")
- Status of approved funding proposals: extension of deadline in respect of FP145 (RELIVE – REsilient LIVElihoods of vulnerable smallholder farmers in the Mayan landscapes and the Dry Corridor of Guatemala)
- Investigation Standards
- Election of Co-Chairs of the Board for 2022
- Performance review of members of the Independent Technical Advisory Panel
- Dates and venue of the thirty-first meeting of the Board

Some of the proposed decisions were still pending in the beginning of B.31, but could be resolved throughout the meeting:

- Revised terms of reference for the Head of the Independent Evaluation Unit: Objection resolved and revised document adopted at B.31.
- Updated accreditation framework: This matter was discussed on various occasions throughout B.31, finally leading to an agreement among the Board Members. The details of the discussion can be found in the section on "Matters related to accreditation".

- Updated guidelines for the operation of Board committees:

The Board members were not able to agree on “Updated guidelines for the operation of Board committees”, which was also addressed several times during B.31. The item will need to be re-addressed in between Board meetings or within one of the upcoming meetings.

Report on the activities of the Secretariat

The Secretariat made a presentation highlighting the key results of the Fund, including the achievement of 75% of its Key Performance Indicators (KPIs) as of December 2021, as well as a record programming of US\$ 2.9 billion in 2021. Other achievements included an increase in the amount of resources channeled via Direct Access Entities (DAE), that 80% of the portfolio is already under implementation, as well as an increase in the disbursement rate. However, the Secretariat explained that difficulties exist when trying to reconcile the different targets of the Fund. The Secretariat also presented the status of the resources of the Fund and added that a priority to achieve the Fund’s targets was the need for additional front loading of resources, as well as additional resource mobilization. Challenges for the Fund included a shift in the type of programming in the Readiness programme, to more support for NDCs and engagement with the private sector; leveraging country programmes; moving from concept notes to full funding proposals; managing the portfolio of accreditations and re-accreditations; and consolidating the risk management system of the GCF. The Secretariat also mentioned additional action areas, including shifting GCF policies towards implementation, by including sections on monitoring and evaluation; as well as preparing for the GCF’s second replenishment. The Board welcomed the presentation by the Secretariat and congratulated it for its achievements. However, some Board members specified areas of concern that need improvement, including the number of funding proposals from DAEs; the low number of proposals approved via the Simplified Approval Process (SAP); delays in disbursement; the long pipeline for accreditation and re-accreditation; the need for more proposals from Central and Eastern Europe; the difficulty leveraging private finance and increasing the amount of funds dedicated to the private sector, among others. Board members alluded to the need to adopt relevant policies to improve the GCF’s results, including the revised SAP and the Private Sector Strategy, in addition to the need to increase impact measurement.

Reports from Board committees, panels and groups and reports on the activities of the independent units

The two Co-Chairs made a reference to the reports shared in advance of B.31. For committees, panels and groups, this included information on ongoing or planned activities shared by the Accreditation Committee, the Accreditation Panel, the Investment Committee, the Performance Oversight Committee, the Technical Advisory Panel and the Risk Management Committee. Reporting on the independent units included the Independent Redress Mechanism, the Independent Integrity Unit and the Independent Evaluation Unit. The Board members took note of the reports without further comments.

Updated work plan of the Board for 2020–2023

a) Co-Chairs’ mandates and consultations

The Co-chairs introduced the item by stating that it was unusual to have discussions on this topic, but that they had decided to collect the views and expectations of the Board, especially concerning the outline of their proposed approach and governance aspects. However, some Board members voiced the difficulties they faced reviewing many of the documents because they had received them on the same day, as well as their confusion

about what exactly the Board was expected to do. Some members addressed issues of governance, especially the transparency of the Board's consultation processes, and the need for these to be more open and inclusive, to ensure consensus and accelerate the release of documents. They also advocated for more clarity in the roles of the Co-Chairs and the Secretariat in these consultations, and for a stronger role for the Secretariat, including by making changes to the Rules of Procedure (ROP) if needed. Nevertheless, this last point was not shared by all Board members.

b) Appointment of Board-appointed officials and performance-related matters

This item was discussed in an executive session.

c) Strategic planning and programming matters

A list of matters the Board would launch and work on, with a view to resolving them in 2022 and 2023, was presented to the Board for consideration, including the Updated Strategic Plan (USP), the Second Performance Review (SPF), the launch of the GCF-2 replenishment process, the launch of the strategic programming process, amongst others. Board members agreed on the importance of all these matters, in order to close policy gaps, evaluate the performance of the GCF and establish its strategic vision. Board members highlighted the need for a clear timeline to deal with these matters. Members expressed their views on how some of this work should be organized; for example they highlighted the need to finalize the USP and the SPF ahead of the replenishment process, by working on them simultaneously. These documents would present the Fund's strategic vision and value proposition and, according to some Board members, should also address issues of governance and decision making in the Fund, all with a view to facilitate replenishment decisions for contributing countries. However, this view was not shared by other Board members, especially from developing countries, who considered that a clear sequence needed to be followed, especially that the SPR needed to inform the considerations of the USP; while others considered that the replenishment process should not depend on the USP or use the updated plan for conditioning funds to specific outcomes.

d) Institutional matters

The Co-Chairs presented a list of institutional matters for consideration by the Board as part of its work plan.

Board members welcomed the list of issues and shared some views on the respective items. Some members welcomed the establishment of an Indigenous People Advisory Group, while highlighting the need to provide the opportunity for inputs from stakeholders on the terms of reference for this group. The need to consider an adjustment of the salary scale was also stressed by some Board members, stating that the Board needed to show the staff of the GCF that it takes their welfare and compensation seriously, praising the hard work of the Secretariat in difficult times during the global COVID-19 pandemic. One Board member suggested that the Budget Committee shall continue its work on this matter. On the upcoming revision of the Trustee arrangements, one member expressed hope for a swift process and decision by the Board, in order to ensure the effectiveness of the fund. Last but not least, many Board members requested further clarity on the item on "Guidelines for the effective functioning of the IEU". Some argued that the IEU was already working effectively with corresponding terms of reference and that further guidelines were therefore not needed.

Matters related to accreditation

The "Updated Accreditation Framework" was put to the Board as a decision between meetings in 2021, but two objections were received. The Co-Chairs presented a revised version to the Board, intended to ensure consistency with relevant policy updates, notably the Accreditation Strategy, and included references to the Independent Evaluation Unit's Synthesis on Accreditation as well as other related IEU Evaluations covering matters of accreditation. After several rounds of discussion throughout the whole Board meeting, the

members were able to address the final, outstanding matter, i.e. adjusting language on the referencing of other standards and policies already approved by the GCF, followed by an adoption of the decision text.

The update process was initiated by a decision at B.22 and referred to several Board decisions taken since B.23. One of the outstanding topics addressed in this decision were the implementation arrangements and budget for the project-specific assessment approach (PSAA). This is a streamlined process for organisations seeking finance for one-off, innovative climate solutions, which shall be piloted from 2023 onwards. In its first year, there shall be a focus on proposals coming from subnational, national and regional entities based in developing countries.

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 25 March 2022, 112 entities are accredited with the GCF of which 77 have finalized their legal arrangements with the Fund. B.31 marks the third meeting in which the GCF considers re-accreditation of entities. In 2022, it is expected that 20 entities will submit a re-accreditation request. At this point in time, 9 entities had passed their accreditation term, but are not yet re-accredited. The Secretariat emphasized that reaccreditation requests should be submitted 6 months in advance of the end of the initial accreditation term. If entities are in between accreditation terms, programming with the GCF is not possible. It is estimated that an average of 30 entities will seek re-accreditation per year. The status of the pipeline of new entities seeking accreditation with the GCF is 137. The majority of these entities are Direct Access entities (DAEs) and private sector entities, many of them the first ones of their respective countries. With regards to updating their accreditation level, 16 entities had filed such a request.

In outlining the number of applications for new accreditations, updated accreditations and re-accreditation, the Secretariat underlined that it was under a high workload. For example, it has reviewed on average 68 applications per year, but is now expecting to have to deal with around 150 accreditation related processes. It was therefore announced that the Secretariat will prioritize re-accreditation requests and will focus on the most mature partners among the new accreditation requests (i.e. defined by the best alignment with the Updated Strategic Plan (USP)). In support of streamlining (re-)accreditation processes, the Secretariat closed its presentation with an overview of the latest advancement of the Digital Accreditation Platform (DAP) (incl. new guidance and training).

A representative of the Accreditation Panel (AP) presented one new accreditation applicant, the **Jamaica Social Investment Fund (JSIF) (APL115)**, whose application found the approval of the GCF Board.

In addition, the following entities were re-accredited:

- **RAPL001:** Centre de Suivi Ecologique (CSE) (direct access (national), Senegal)
- **RAPL002:** Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) (direct access (national), Peru)
- **RAPL004:** Acumen Fund, Inc. (Acumen) (change from regional to international access, also seeking upgrade in project size and risk level, United States)
- **RAPL024:** Development Bank of Southern Africa (DBSA) (direct access (regional), South Africa)

The re-accreditation proposal by DBSA had already been presented to the Board in 2021, but did not find approval of all Board members back then. This was due to the fact that during DBSA's accreditation with the GCF, its overall investment portfolio did not move away from fossil fuel based projects in a significant way, which was expected by the Fund to show commitment to low-carbon, climate-resilient development. In the meantime, DBSA

published a “Statement on Net Zero” in November 2021, emphasizing its future commitment to shift its portfolio. Board members were finally able to agree to DBSA’s re-accreditation by including an addition to the decision text, which “takes note of the DBSA’s efforts to advance the purpose of the GCF through the DBSA Board’s Just Transitions Framework and related statements in the context of the Convention and the Paris Agreement.” After the adoption of this decision, some Board members said that they see in this a reference to the “Net Zero” pledge made, while other Board members emphasized that they would not like to make “Net Zero” a prerequisite for re-accreditation and that specific country circumstances as well as the principle of common but differentiated responsibility shall also be taken into consideration.

Consideration of funding proposals

The Board considered two funding proposals at B.31, requesting a total of US\$ 187.6 million of GCF funding, and representing a total value of US\$ 294.3 million when taking co-financing into account. Initially, the Secretariat had endorsed six funding proposals with a total requested amount of US\$ 300.4 million of GCF funding, which were submitted to the Independent Technical Advisory Panel (ITAP). Two out of these six proposals were not endorsed following ITAP’s review. One funding proposal could not be considered, although it was endorsed by ITAP, because the Accreditation Master Agreement (AMA) of the involved Accredited Entity had lapsed on 20 February 2022. One funding proposal was withdrawn by the accredited entity, for possible re-submission at a later Board meeting.

With the approval of the two funding proposals (both from the public sector), the total number of projects and programmes funded by the GCF would reach 192, with a total GCF funding amount of US\$ 10.2 billion and a total value of US\$ 37.3 billion when including co-financing.

Board members welcomed the presentation by the Secretariat. Many raised deep concerns about the low number of funding proposals being presented to the Board at B.31. In this regard, some Board members stressed the urgent need to address pending policy issues relevant for the assessment of funding proposals, such as the concept of “climate rationale”, and highlighted the overall importance of developing guidance for ITAP. One Board member expressed disappointment that for simple administrative reasons, such as the decision of the Board to move the B.31 dates from 7-10 February 2022 to 28-31 March 2022, the Accreditation Master Agreement (AMA) of one accredited entity had lapsed and that therefore a funding proposal from that entity could not be considered at this meeting. He highlighted the need to stick to the agreed dates of Board meetings in order to provide predictability to accredited entities.

The Board approved both funding proposals:

- **FP182:** “*Climate-smart initiatives for climate change adaptation and sustainability in prioritized agricultural production systems in Colombia (CSICAP)*”; Corporación Andina de Fomento (CAF); Colombia; US\$ 73.3 million in GCF funding;
- **FP183:** “*Inclusive Green Financing Initiative (IGREENFIN I): Greening Agricultural Banks & the Financial Sector to Foster Climate Resilient, Low Emission Smallholder Agriculture in the Great Green Wall (GGW) countries - Phase I*”; International Fund for Agricultural Development (IFAD); Burkina Faso, Chad, Côte d’Ivoire, Djibouti, Eritrea, Ethiopia, Ghana, Mali, Mauritania, Niger, Nigeria, Senegal and Sudan; US\$ 114.4 million in GCF funding.

Second performance review of GCF

The Independent Evaluation Unit (IEU) of the GCF was invited to share a presentation on

their contribution to the SPR, focusing on the Synthesis Report. In their presentation, the IEU clarified the purpose and objectives of their contribution, which included providing objective assessments of the results of the GCF and informing decision making, as well as the update of the GCFs Strategic Plan. They also presented the schedule of their expected deliverables, until B.35 in 2023. Finally, they presented the Synthesis Report, including the methods used, their findings concerning access, programming, implementation and management of risks and results, progress towards achieving impact, institutional architecture and performance, and complementarity and coherence, as well as some emerging observations.

Board members thanked the IEU for their work, and requested further information on some of the remaining deliverables that were scheduled to be released at this time as part of the Second Replenishment process. The IEU responded that there had been some minor delays but the documents would be shared in the following days. Board members also remarked on some of the findings, particularly those concerning governance issues at the Fund, the evaluability of the Fund being low, as well as the remaining issues with access from Direct Access entities, private sector participation, the lengthiness of the post-approval processes, challenges in accessing adaptation finance for vulnerable countries, and accreditation. Many Board members emphasized the need to solve some of these issues by closing policy gaps, including those concerning the private sector and adaptation.

Other Board members focused their remarks on the need to make use of the IEU findings to inform the work of the Board by finding ways to institutionalize action in response to these evaluations or feeding them into policy discussions.

Evaluations conducted by the Independent Evaluation Unit: Independent evaluation of the adaptation portfolio and approach of GCF

The Independent Evaluation Unit (IEU) of the GCF was invited to share a presentation on the Independent Evaluation of the Adaptation Portfolio and Approach of the GCF. The IEU focused its presentation on the positioning of the Fund in adaptation financing, its capacity for adaptation planning, the private sector and access. They presented their key findings and recommendations, which included the need to clarify the GCF's role and vision for climate adaptation, to define an approach for the private sector, and to address policy gaps, adaptation measurement challenges and the lack of clarity and guidance in its approach to innovation. The IEU also remarked that climate rationale was found to be the most important hurdle to access adaptation finance, according to the stakeholders consulted during the evaluation.

Board members thanked the IEU for their work, emphasized the importance of adaptation and reiterated the need to clarify the GCF's role and strategy for adaptation finance. They also stressed the need to close policy gaps and provide guidance, especially to address the issues of climate rationale and the engagement with the private sector. As before, Board members remarked on the need to find a way to integrate the IEU's findings in the decision making process. To this end, the Co-Chairs proposed drafting decision text to find a way to make the IEU's findings and recommendations implementable.

After some further consultations, the Board took note of the IEU evaluation and the corresponding Secretariat's management response. It requested the IEU to present a management action report no later than one year following the adoption of this decision. Last but not least, the Board agreed to urgently clarify the GCF's role in and vision for climate adaptation, inter alia by requesting the Secretariat to update the draft paper on "Guidance on the approach and scope for providing support to adaptation activities" by B.32, taking into account the findings and recommendations of the IEU evaluation and views expressed by Board members.

Dates and venues of upcoming meetings of the Board

Regarding dates and venues of upcoming Board meetings, the Board Members decided to hold B.32 from 16 - 19 May 2022 in Antigua and Barbuda, noting that the first two days will be sessions for policy consultations. The subsequent Board meeting (B.33) shall take place from 27 - 30 June 2022 as an in-person meeting in the Republic of South Korea. B.34 was preliminary scheduled for 24 - 27 October 2022. This item was accompanied with a lively debate on whether to change the meeting scheduled for May to an informal setting as a means of advancing on the multiple, outstanding policy items. Several Board members stressed that informal meetings did not always bring the desired advancements in the past and that a formal setting is also important for decision-making, both on policies as well as on other items such as project proposals and accreditation. Regarding the logistics of the meeting, many members raised their support for in-person meetings, if possible, and the Co-Chairs underlined to try to accommodate this preference as much as possible, while monitoring the impacts of the COVID-19 pandemic.

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