Further options for decision-making relating to funding proposals

Summary
The paper sets out various options for decision-making regarding funding proposals and proposes a decision in respect of two such options.
I. Background

1. Pursuant to decision B.17/09, paragraph (p), the Secretariat was requested “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 ... [emphasis added].”

2. Specifically, paragraph (m) of the same decision “Further requests the Co-Chairs, in consultation with the Board, to explore options for the timely consideration of funding proposals between Board meetings ... [emphasis added].” The policy presented here addresses this specific request.

3. Additionally, decision B.18/06, paragraph (c)(ii) on the Simplified Approval Process Pilot Scheme requests the Secretariat “to develop a proposal for approving funding proposals brought forward under this Pilot Scheme between meetings of the Board in the context of the ongoing work to develop further options for decision-making ... [emphasis added].”

4. The purpose of this document is to address the matters referred to in decision B.17/09, paragraphs (m) and (p), and decision B.18/06 paragraph (c)(ii).

II. Update to the project and programme activity cycle

5. Annex VII of decision B.07/03 sets out the initial project and programme activity cycle. Stage V of this annex relates to decision-making by the Board regarding funding proposals.

6. Stage V provides that in relation to a funding proposal submitted to the Board for consideration, the Board has three options:

   (a) Approve the funding proposal;

   (b) Provide an approval that is conditional upon modifications to project or programme design or subject to the availability of funding; or

   (c) Reject the funding proposal.

7. This provision is subject to a footnote, which provides, “Guidelines for decision-making regarding funding proposals, including for decisions in-between meetings, will be defined by the Board [emphasis added].”

8. At the seventeenth meeting of the Board (B.17), the initial project and programme activity cycle was updated by decision B.17/09, paragraph (n). Stage VI of the updated project and programme activity cycle relates to decision-making by the Board. While the three decision-making options were retained in the activity cycle in their entirety, the footnote relating to guidelines for decision-making regarding funding proposals was operationalized through decision B.17/09, paragraph (m), which is set out in paragraph 1 above. This reflected discussions of the Board at the informal meeting immediately preceding B.17.

9. This document focuses on modalities for decision-making regarding funding proposals.

III. Modalities for decision-making for funding proposals

3.1 Current practice

10. At present, decisions in respect of all funding proposals are taken by consensus of the Board members at Board meetings.
11. Since the eleventh meeting of the Board, the number of funding proposals considered by the Board at each Board meeting has continued to rise (from 8 at B.11 to 23 at B.19). This stretches the capacity of all persons involved in the funding proposal review and approval process, including the Secretariat, independent Technical Advisory Panel and Board.

12. In this context, Board members have made proposals as to whether other decision-making modalities should be explored, particularly in relation to how and when decisions are taken by the Board.

### 3.2 Decision-making in the absence of consensus

13. In relation to how decisions are taken by the Board, suggestions have focused around whether voting procedures should be proposed, and whether individual Board members should be entitled to formally abstain from decisions rather than merely not blocking consensus.

14. As matters relating to decision-making in the absence of consensus are subject to an existing Board mandate entrusted to the Co-Chairs, this aspect of potential decision-making modalities is outside the scope of this paper.

### 3.3 Decisions between meetings

15. In relation to when decisions are taken by the Board, many Board members have suggested that decisions for certain funding proposals may be taken between meetings, as was envisaged as a potential option in the footnote in the initial project and programme activity cycle referred to in paragraph 7 above.

16. Paragraphs 41-44 of the Rules of Procedure of the Board govern the transmittal and approval of draft decisions to be approved between meetings of the Board. Among other things, paragraph 41 of the Rules of Procedure provides that such decisions may occur:

   (a) On an extraordinary basis; and

   (b) When in the judgment of both Co-Chairs, a decision must be taken that should not be postponed to the next Board meeting.

17. Pursuant to paragraph 42 of the Rules of Procedure, the Board is expected to adopt guidelines to determine in which cases decisions may be taken between meetings without a Board meeting, and that prior to the adoption of such guidelines, the Co-Chairs will determine on a case-by-case basis which decisions may be requested without a Board meeting. Such guidelines are also subject to an existing Board mandate entrusted to the Co-Chairs, and so this broader mandate will not be addressed in this paper.

18. These paragraphs do not prevent the Board from separately authorizing, in advance, other decisions to be issued for approval between meetings. In fact, the Board has expressly authorized this previously.

19. Accordingly, it would not be inconsistent for the Board to decide in advance that it could approve funding proposals between meetings.

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1 See decision B.12/11. Note also paragraph 14 of the Governing Instrument for the GCF, which provides that "the Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted".

2 See decision B.12/12, which "Requests the Co-Chairs to consult with a view to presenting, for consideration by the Board, matters related to the guidelines to determine in which cases decisions may be taken without a Board meeting, no later than its fifteenth meeting".

3 See decision B.13/29, paragraph (f) on accreditation master agreements.
20. Moreover, in decision B.18/06, paragraph (c)(ii), the Board requested the Secretariat to develop a proposal for approving funding proposals brought forward under the Simplified Approval Process Pilot Scheme between meetings of the Board in the context of the ongoing work to develop further options for decision-making. The proposed decision and annex II to this document also responds to this request.

21. Based on past discussions of the Board relating to funding proposals, such an approval modality would not be appropriate for all funding proposals, particularly those that are complex, are of high value or that have higher environmental or social risks.

22. As such, the draft decision proposed in annex I to this document would limit decisions taken between meetings to:

   (a) Funding proposals that have:

      (i) A maximum value of USD 50 million; and

      (ii) Low to no environmental and social risks; and

   (b) Funding proposals that were submitted under the Simplified Approval Process Pilot Scheme and its further development following the review required by decision B.18/06.

IV. Recommendations

23. It is recommended that the Board adopt the draft decision set out in annex I to this document.
Annex I: Draft decision

The Board, having considered document GCF/B.20/22 titled “Options for decision-making relating to funding proposals”:

(a) **Decides** that:
   (i) Funding proposals that:
       1) A maximum value of USD 50 million; and
       2) Low to no environmental and social risks; and
   (ii) Funding proposals that have been submitted under the Simplified Approval Process Pilot Scheme and its further development following the review required by decision B.18/06; and
   may, in either case, and unless the Secretariat considers it would not be appropriate in light of the other characteristics of the funding proposal, be transmitted to the Board with an invitation to approve the decision between meetings on a non-objection basis, using the procedures set out in paragraphs 41-44 of the Rules of Procedure of the Board provided that paragraph (a) shall not apply to funding proposals submitted under the project specific accreditation approach; and

(b) **Approves** the steps outlined in annex II.

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1 Provision on application to funding proposals submitted under the project specific accreditation approach is dependent on the decision on agenda item 11(b) on the accreditation framework review including the project specific assessment approach.
Annex II: Steps the Secretariat will follow in relation to the decision-making process between meetings for decisions relating to funding proposals

1. With respect to the circulation of comments and objections raised by Board members in the context of decisions taken between meetings relating to funding proposals, the Secretariat will only circulate those comments and objections relating to funding proposals that are not deemed to be approved. Such comments and objections will be circulated when the no-objection period for the proposed decision between meetings ends, and they will be included as part of the relevant Board document for the meeting at which the relevant matter will be considered.

2. With respect to determining whether a comment constitutes an objection, the Secretariat shall not be required to consider as an objection any communication from Board members in connection with the proposed decision unless it is explicitly marked as such. For the avoidance of doubt, the Secretariat shall not be required to follow up with the relevant Board member who has made such communication to determine if the communication was intended to be treated as an objection. The onus shall thus be on the relevant Board members to be clear on this issue when communicating with the Secretariat in connection with a decision issued for approval between meetings.

3. In the case of funding proposals eligible to be proposed for approval between Board meetings, such as those submitted under the simplified approval process modality, the Secretariat will circulate to members and alternate members of the Board the relevant funding proposal package, including the assessments of the Secretariat and the independent Technical Advisory Panel and all the relevant annexes in accordance with the Information Disclosure Policy and the Rules of Procedure of the Board. Copies of such proposals shall be provided to the active observers for their information in accordance with paragraph 41 of the Rules of Procedure. Such documents shall also be published on the GCF website in accordance with the Information Disclosure Policy and any other relevant adopted policy. GCF shall also make available to the public the funding proposal proposed between meetings in accordance with the Information Disclosure Policy.

4. Proposed decisions in respect of funding proposals as referred to in paragraph 3 above shall be submitted for approval by the Board on a no-objection basis under the procedures set out in paragraphs 41-44 of the Rules of Procedure. The no-objection period shall last for no less than 21 calendar days. If no objections to the proposed decision are received by the Secretariat by the end of the no-objection period, the decision will be deemed approved. If an objection is received, the procedures set out in paragraph 43 of the Rules of Procedure shall apply.