

**GREEN
CLIMATE
FUND**

Meeting of the Board
26 - 28 February 2019
Songdo, Incheon, Republic of Korea
Provisional agenda item 34

GCF/B.22/10

1 February 2019

Consideration of funding proposals

Summary

This document presents the funding proposals to the Board for consideration at its twenty-second meeting. It also presents an overview of the projected GCF portfolio and a brief guide to the funding proposal packages.

I. Overview of funding proposals for consideration

1.1 Funding proposals submitted for consideration by the Board

1. For the twenty-second meeting of the Board, a total of 10 funding proposals are presented to the Board for its consideration. These 10 proposals request, at this board meeting, USD 540.5 million of GCF funding, supporting projects and programmes with a total value of USD 2,760.7 million. Table 1 presents the list of the 10 proposals. The numbering of the funding proposals continues from the proposals approved at previous Board meetings, 93 of which comprise the current portfolio.¹

Table 1: List of funding proposals submitted for consideration by the Board at its twenty-second meeting

No.	Project name	Accredited entity	Country	Thematic window	Public/private	GCF funding (million USD) ^a
FP 082	Catalyzing Climate Finance (Shandong Green Development Fund)	ADB	China	Cross-cutting	Public	100.0 ^c
FP 100	REDD-PLUS results-based payments for results achieved by Brazil in the Amazon biome in 2014 and 2015	UNDP	Brazil	Mitigation	Public	96.5
FP 101	Resilient Rural Belize (Be-Resilient)	IFAD	Belize	Adaptation	Public	8.0
FP 102	Mali solar rural electrification project	BOAD	Mali	Mitigation	Public	29.6 ^{b,c}
FP 103	Promotion of Climate-Friendly Cooking: Kenya and Senegal	GIZ	Kenya, Senegal	Mitigation	Public	18.8 ^{b,c}
FP 104	Nigeria Solar IPP Support Program	AFC	Nigeria	Mitigation	Private	100.0
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	Mitigation	Private	69.6 ^b
FP 106	Embedded Generation Investment Programme (EGIP)	DBSA	South Africa	Mitigation	Private	100.0
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	Adaptation	Public	9.0
SAP 006	Building resilience of communities living in landscapes threatened under climate change through an ecosystems-based adaptation approach	EIF	Namibia	Adaptation	Public	8.9
Total GCF funding requested						540.5

¹ Note that; FP082 has not yet been approved by the Board and is being presented at B.22; FP031 was not submitted; FP032 was withdrawn; FP055 and FP057 were not approved by the Board; Approval of FP029 lapsed on 23 October 2017; Approval of FP030 lapsed on 28 July 2018; and Approval of FP006 lapsed on 26 September 2018; and FP079 and FP088 were withdrawn by the accredited entity with a possibility of resubmission at a subsequent board meeting. Accordingly, this results in 93 approved projects/programmes – 73 public sector and 20 private sector as of 31 December 2018.

Abbreviations: ADB = Asian Development Bank, AFC = Africa Finance Corporation, BOAD = Banque Ouest Africaine de Développement, DBSA = Development Bank of Southern Africa, EIF = Environmental Investment Fund, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, IFAD = International Fund for Agricultural Development, UNEP = United Nations Environment Programme, UNDP = United Nations Development Programme.

^aThe individual funding amounts are rounded to the nearest tenth therefore the total may not be the exact sum of these numbers due to rounding.

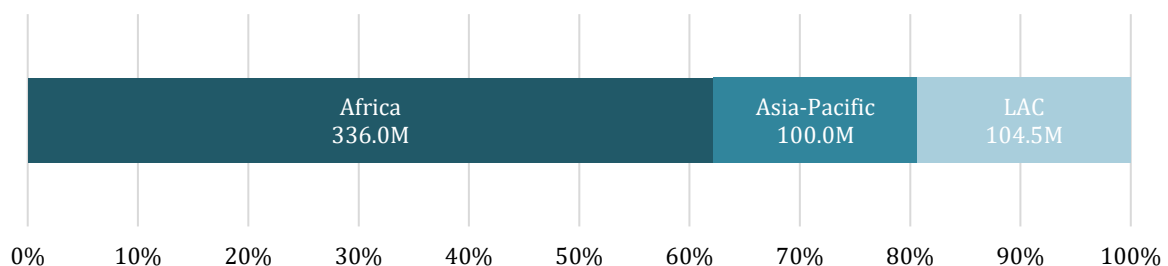
^bThe requested GCF amount in euros is converted into United States dollars at the United Nations Operational Rates of Exchange effective at 15 January 2019 (1 EUR = 1.14810563USD).

^cThe amount noted in the table is the funding request only for B.22 for the following projects – FP082, FP102 and FP103.

2. The Secretariat had submitted 13 funding proposals² to the independent Technical Advisory Panel (TAP) for review by December 2018. Out of the 13 funding proposals, 11 were recommended by the TAP, including two SAP proposals, while two funding proposals could not put forward due to, in one case, to strengthen climate rationale of the project with more evidence-based scientific data on the causes and effects of climate change; and, in the other case, the uncertain operation and maintenance cost estimations and sources to secure their financing. In accordance with decision B.17/09, paragraph (j), such funding proposals are currently being revised by the accredited entity and the Secretariat with a view to addressing the comments made by the iTAP and presented the funding proposal at a future meeting of the Board. Out of 11 recommended projects, one project was decided not to be submitted, informed by the accredited entity due to ongoing discussion with the host country which were not finalized prior to the deadline.

3. The Regional distribution of the 10 funding proposals are presented in Figure 1 below.

Figure 1: Regional distribution of GCF funding in USD



Abbreviations: EE = Eastern Europe, LAC = Latin America and the Caribbean.

4. Of the 10 funding proposals submitted for the Board’s consideration, 7 are public-sector proposals, including two SAP proposals, requesting GCF funding of USD 270.9 million and 3 are private-sector proposals, requesting GCF funding of USD 269.6 million.

5. On a thematic basis, USD 489.6 million (91 per cent) is allocated for mitigation projects and USD 50.9 million (9 per cent) is allocated for adaptation projects. This allocation includes cross-cutting projects accounting 18 per cent of total GCF funding which are disaggregated into mitigation projects of USD 75.0 million (13.5 per cent) and adaptation projects of USD 25.0 million (4.5 per cent).

6. USD 208.2 million (4 projects, 39 per cent) of the requested GCF funding is from national and regional direct access entities (DAEs) and USD 332.3 million (6 projects, 61 per cent) is from international access entities (IAEs).

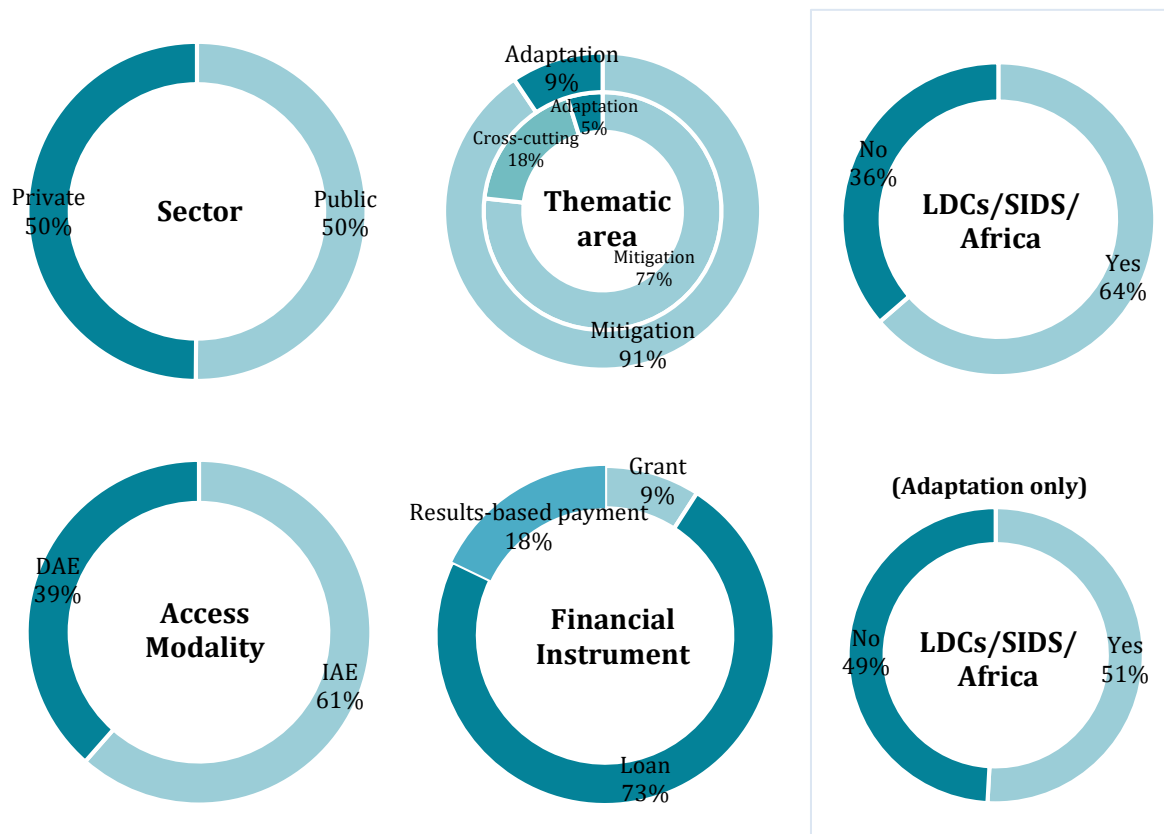
7. The largest portion of the financial instruments are loans (73 per cent, USD 394.7 million), followed by results-based payment (18 per cent, USD 96.5 million), and grants (9 per cent, USD 49.3 million).

² Out of 13 funding proposals, 3 funding proposals - carry-over from B.21 - were submitted to TAP by September 2018.

8. In terms of distribution of vulnerable countries, 8 of them either wholly or partly target the least developed countries (LDCs), small island developing States (SIDS) and/or African States, totalling USD 344.0 million, and account for 64 per cent of the total requested GCF funding amount.³

9. The overall snapshot of GCF funding requested by sector, thematic area, access modality, financial instrument and vulnerable countries are presented in Figure 2 below.

Figure 2: SNAPSHOT - GCF funding amount by sector, thematic area, entity type, financial instrument and Vulnerable countries, incl. LDCs/SIDS/African States in USD (per cent)⁴



10. In terms of results area, energy access and power generation will amount to the largest portion of GCF funding (USD 319 million, 59 per cent) while ecosystem & ecosystem services to the lowest (USD 7 million, 1 per cent) (See Figure 3).

11. The expected impact potential is to abate a total of 74.2 million tonnes of carbon dioxide equivalent (CO₂e) of greenhouse gases and reach 16.7 million (direct and indirect) beneficiaries, based on the estimations of accredited entities (AEs) (See Figures 4 and 5).

³ The further breakdowns for LDCs, SIDS and Africa respectively are as follows:

For LDCs: 22% LDCs, and 78% non-LDCs;
For SIDS: 4% SIDS, and 96% non-SIDS;
For Africa: 62% Africa, and 38% non-Africa.

⁴ For multi-country projects/programmes of LDCs/SIDS/African states, the amounts of GCF funding allocated to each country are estimated, based on the best information available to the Secretariat. Unless the allocation information is provided in funding proposals or by accredited entities, the funding amounts are evenly distributed to each country according to the number of targeted countries. As the estimates will be updated once expenditure information is received, there may be modifications to the data in coming months.

Figure 3: GCF funding amount by result area⁵

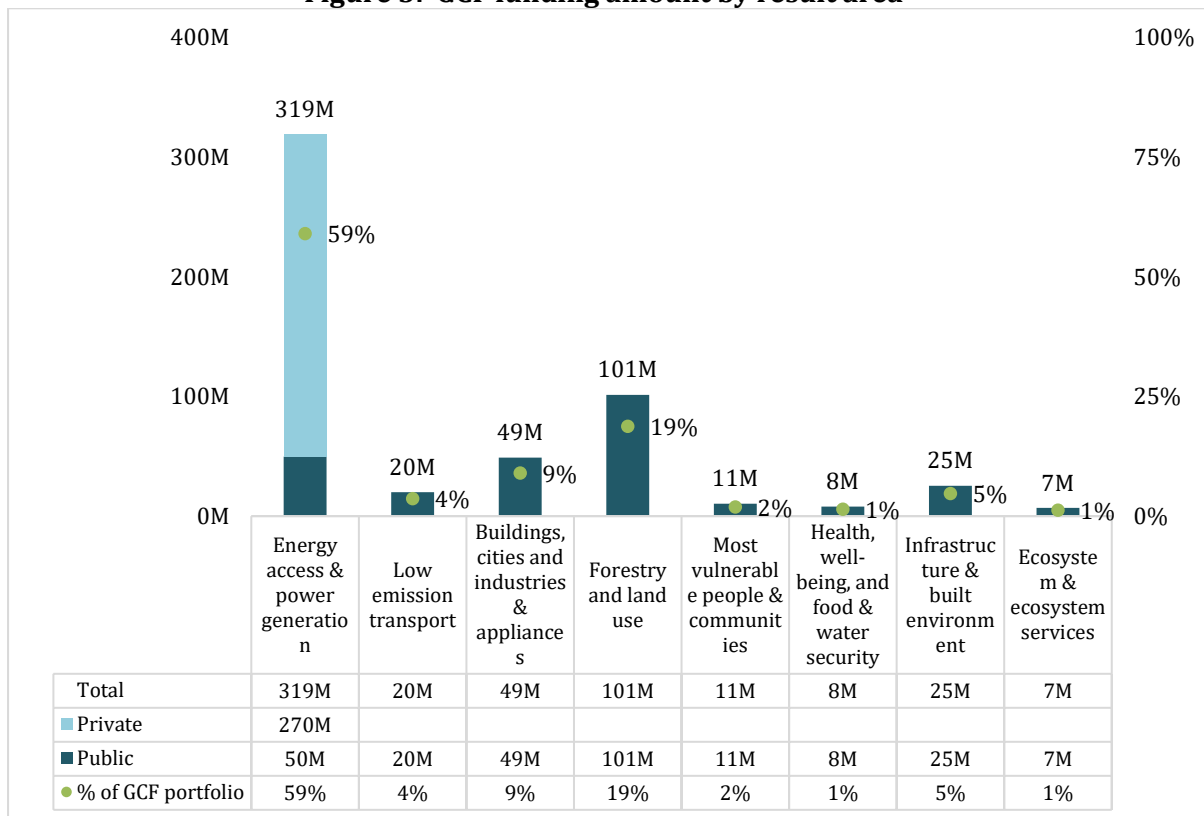


Figure 4: Estimated climate impact potential by region

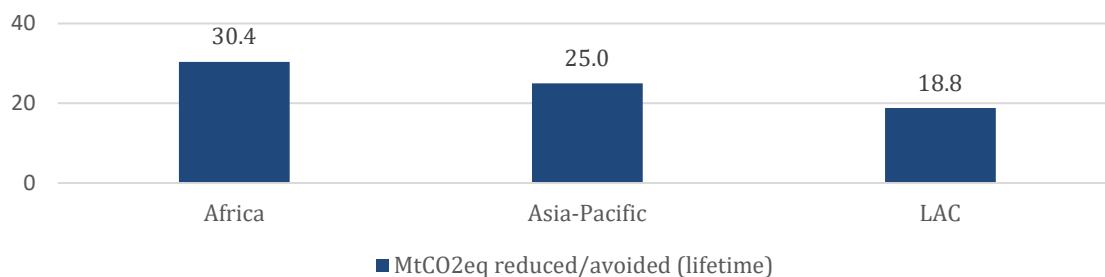
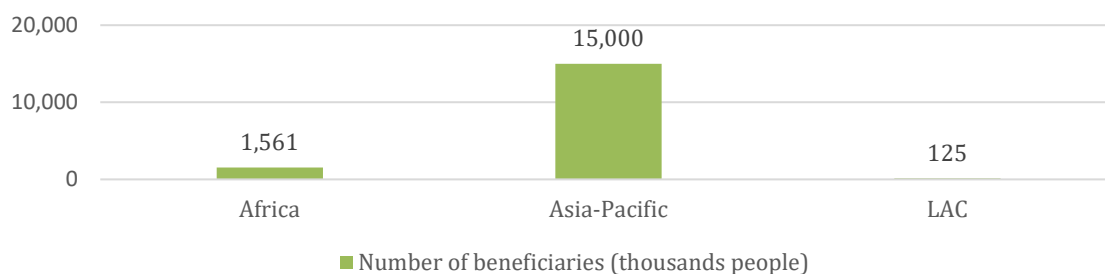


Figure 5: Estimated adaptation impact potential by region



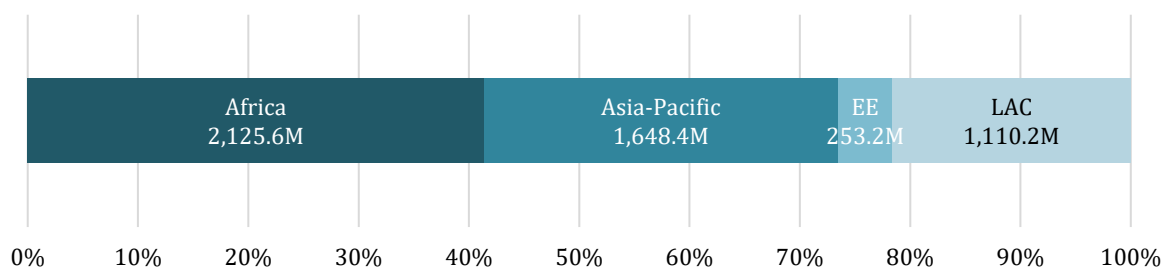
Abbreviations: MtCO₂eq = metric tonnes carbon dioxide equivalent, EE = Eastern Europe, LAC = Latin America and the Caribbean.

⁵ Estimates of GCF funding by mitigation/adaptation and the eight results areas is based on the information provided by the accredited entities and/or an analysis by the Secretariat of the budget for each funding proposal, with review and verification by the appropriate accredited entities. The methodology continues to be refined and improved, so the estimates may change over time.

1.2 Projected portfolio composition

12. If the 10 funding proposals presented at its twenty-second meeting are approved by the Board, the aggregated portfolio would comprise 103 projects and programmes, with a total GCF funding amount of USD 5.1 billion and a total value of USD 19.1 billion, when taking co-financing into account. The Regional distribution of the 103 projects or programmes is presented in Figure 6 below.

Figure 6: Regional distribution of GCF funding in USD



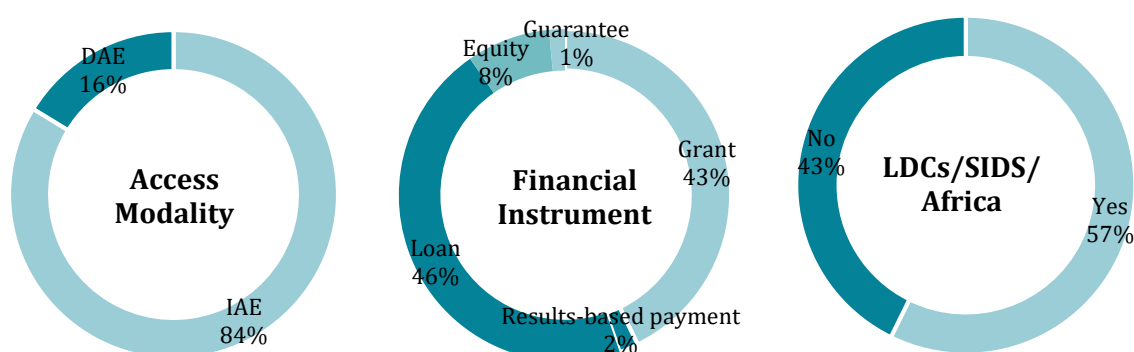
Abbreviations: EE = Eastern Europe, LAC = Latin America and the Caribbean.

13. The majority of GCF funding will be channelled through IAEs, allocating USD 4.3 billion for 77 projects, which represents 84 per cent of total GCF funding. The remaining 16 per cent will flow into DAEs in the amount of USD 836.3 million for 26 projects.

14. The portfolio will utilize a wide range of financial instruments as authorized by the Governing Instrument. The largest portion of the portfolio will be financed by loans (46 per cent, USD 2.3 billion) and grants (43 per cent, USD 2.2 billion), followed by equity (8 per cent, USD 417.4 million), result-based payment (2 per cent, USD 96.5 million) and guarantee (1 per cent, USD 80 million).

15. Of the 103 funding proposals in the projected portfolio, 65 projects and programmes will either wholly or partly target the LDCs, SIDS and/or African States totalling USD 2.9 billion, and account for 57 per cent of the total requested GCF funding amount (See Figure 7).⁶

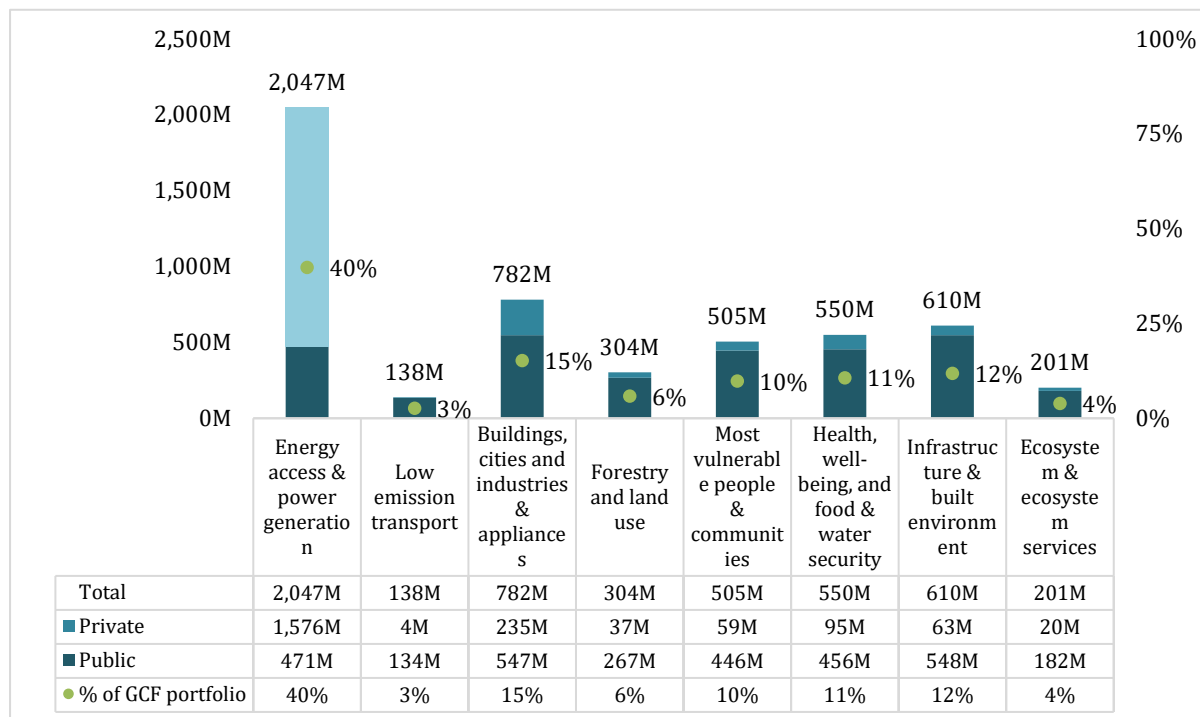
Figure 7: GCF funding amount by access modality, financial instrument and vulnerable countries, incl. LDCs/SIDS/African States in USD (per cent)



⁶ The further breakdowns for LDCs, SIDS and Africa respectively are as follows:
 For LDCs: 24% LDCs, and 76% non-LDCs;
 For SIDS: 16% SIDS, and 84% non-SIDS;
 For Africa: 41% Africa, and 59% non-Africa.

16. Figure 8 shows the projection of GCF funding in the eight results areas. Among results area, energy access and power generation will amount to the largest portion of GCF funding (USD 2.0 billion, 40 per cent) while low emission transport to the lowest (USD 138 million, 3 per cent).

Figure 8: GCF funding amount by result area



17. The GCF portfolio of approved projects is expected to abate a total of 1.5 billion tonnes of carbon dioxide equivalent (CO₂eq) of greenhouse gases and reach 288.6 million (direct and indirect) beneficiaries, based on the estimations of accredited entities (AEs). (see Figures 9 and 10)

Figure 9: Estimated climate impact potential by region

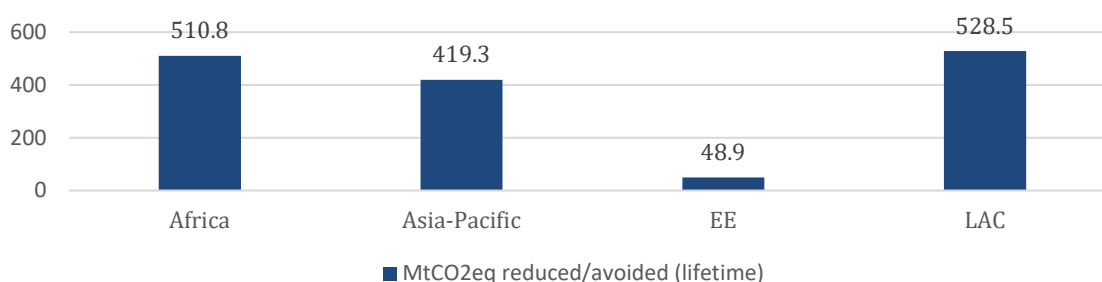
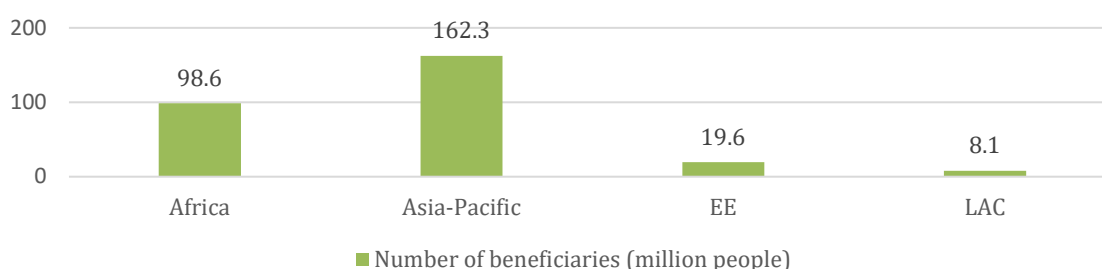


Figure 10: Estimated adaptation impact potential by region

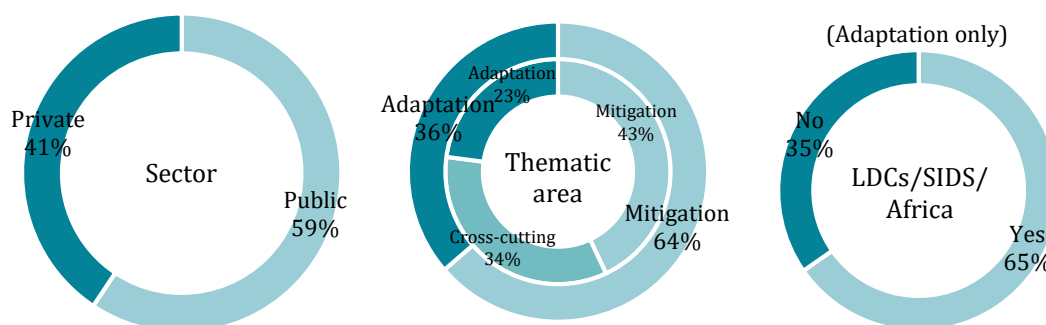


Abbreviations: MtCO₂eq = metric tonnes carbon dioxide equivalent, EE = Eastern Europe, LAC = Latin America and the Caribbean.

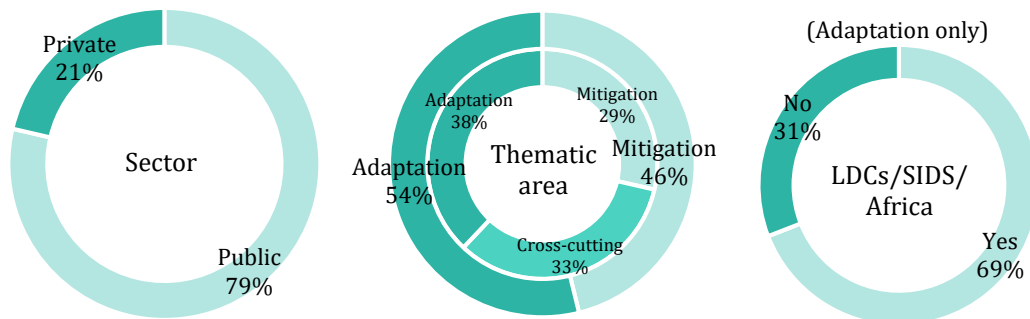
18. As per the Investment Framework and programming document from the initial resource mobilization⁷, the breakdown by sector, thematic area, and adaptation allocation for LDCs, SIDS and/or African States are presented in both nominal and grant equivalent terms⁸ (See Figure 11).

Figure 11: Initial resource mobilization target status - GCF funding amount by sector, thematic area and adaptation allocation for LDCs/SIDS/African States in nominal and grant equivalent terms (per cent)

Nominal terms



Grant equivalent terms



⁷ As per decision B.06/05 and decision B.07/06, the GCF will aim for the following portfolio targets: (1) a 50:50 funding balance between adaptation and mitigation over time; (2) a floor of fifty per cent of the allocated adaptation funding to be channeled to vulnerable countries, including the least developed countries (LDCs), small island developing States (SIDS) and African States; (3) a reasonable and fair allocation across a broad range of countries in order to ensure geographic balance of funding; and (4) maximization of fund-wide engagement with the private sector, including through a significant allocation to the Private Sector Facility. Also, in line with guidance in UNFCCC decision 7/CP.20, paragraph 13, where the Conference of the Parties requested the Board, in its implementation of the accreditation framework, to pay adequate attention to the priorities and needs of developing country Parties, including LDCs, SIDS and African States.

⁸ The grant equivalents were estimated for each project using a uniform 5 per cent discount rate. The Grant Equivalent Calculator tool developed by the Office of Risk Management and Compliance of the GCF to measure the grant-like element embedded in GCF financing has been used for the calculations.

II. Funding proposal package guide

19. Ten funding proposals are presented as individual addenda (see document GCF/B.22/10/Add.01-05 and 08-10) including two simplified approval process (SAP) proposals that are presented separately (see document GCF/B.22/10/Add.14-15), containing seven parts:

- (a) Part A. The funding proposal,⁹ as submitted by the accredited entity (AE);
- (b) Part B. The no-objection letter, as issued by the national designated authority;
- (c) Part C. The environmental and social report disclosure document;
- (d) Part D. The Secretariat's assessment¹⁰;
- (e) Part E. The independent Technical Advisory Panel's assessment;
- (f) Part F. The response from the AE to the independent Technical Advisory Panel's assessment; and
- (g) Part G. The gender assessments and action plans.

20. The following additional seven addenda are also provided to supplement the ten funding proposal packages referred to in paragraph 17 above:

- (a) Document GCF/B.22/10/Add.06: Addendum to the funding proposal of FP 082;⁸
- (b) Document GCF/B.22/10/Add.07: Addendum to the funding proposal of FP 103;⁸
- (c) Document GCF/B.22/10/Add.11-13: the funding proposal packages for FP 104-106, including the full funding proposals, term sheets and the Secretariat's assessments;¹¹
- (d) Document GCF/B.22/10/Add.16: the list of proposed conditions and recommendations for FP 082, FP 100-106, and SAP 005-006. The Board is requested to review the proposed conditions and recommendations, which it may choose to adopt in full or in part, for inclusion in the draft decision (see annex I);
- (e) Document GCF/B.22/10/Add.17: the term sheets for FP 082, FP 100-103, and SAP 005-006 setting out, in summary form, the key terms and conditions relating to the proposed funded activity;

21. Due to the deliberative nature of their information, documents GCF/B.22/10/Add.16-17 are made available in limited distribution.

22. On the basis of the information and assessments presented, the Board is requested to arrive at a decision for each funding proposal. Pursuant to decision B.17/09, the Board has three decision options:

- (a) To approve the funding proposal;
- (b) To provide an approval that is conditional on modifications to project or programme design or that is subject to the availability of funding; or
- (c) To reject the funding proposal.

23. Once the decision is made, it will be recorded by the Secretariat and communicated to the Trustee. The Secretariat will also inform the AE and the national designated authority (NDA) or focal point (FP) of the decision and the next steps. In case of rejection, the Secretariat will inform the NDA/FP that they may request reconsideration of the funding decision via the independent Redress Mechanism.¹²

⁹ Due to the confidentiality of the private-sector proposals, funding proposal summary packages are presented.

¹⁰ For confidentiality purposes, the Secretariat's assessments for the private sector proposals are included in document GCF/B22/10/Add.11-13.

¹¹ For confidentiality purposes, these addenda are made available on a secure website.

¹² Decision B.17/09.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.22/10 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
- (i) Funding proposal 082 titled “Catalyzing Climate Finance (Shandong Green Development Fund)”, by the Asian Development Bank, as contained in document GCF/B.22/10/Add.01, 06 and 17;
 - (ii) Funding proposal 100 titled “REDD-PLUS results-based payments for results achieved by Brazil in the Amazon biome in 2014 and 2015”, by the United Nations Development Programme, as contained in document GCF/B.22/10/Add.02 and 17;
 - (iii) Funding proposal 101 titled “Resilient Rural Belize (Be-Resilient)”, by the International Fund for Agricultural Development, as contained in document GCF/B.22/10/Add.03 and 17;
 - (iv) Funding proposal 102 titled “Mali solar rural electrification project”, by the Banque Ouest Africaine de Développement, as contained in document GCF/B.22/10/Add.04 and 17;
 - (v) Funding proposal 103 titled “Promotion of Climate-Friendly Cooking: Kenya and Senegal”, by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as contained in document GCF/B.22/10/Add.05, 07 and 17;
 - (vi) Funding proposal 104 titled “Nigeria Solar IPP Support Program”, by the Africa Finance Corporation, as contained in document GCF/B.22/10/Add.11;
 - (vii) Funding proposal 105 titled “BOAD Climate Finance Facility to Scale Up Solar Energy Investments in Francophone West Africa LDCs”, by the Banque Ouest Africaine de Développement, as contained in document GCF/B.22/10/Add.12;
 - (viii) Funding proposal 106 titled “Embedded Generation Investment Programme (EGIP)”, by the Development Bank of Southern Africa, as contained in document GCF/B.22/10/Add.13;
 - (ix) Simplified Approval Process (SAP) funding proposal 005 titled “Enhanced climate resilience of rural communities in central and north Benin through the implementation of ecosystem-based adaptation (EbA) in forest and agricultural landscapes”, by the United Nations Environment Programme as contained in document GCF/B.22/10/Add.14 and 17; and
 - (x) Simplified Approval Process (SAP) funding proposal 006 titled “Building resilience of communities living in landscapes threatened under climate change through an ecosystems-based adaptation approach”, by the Environmental Investment Fund as contained in document GCF/B.22/10/Add.15 and 17.
- (b) Approves funding proposal 082 for the amount of USD 100,000,000, submitted by the Asian Development Bank, as described in the addendum to the funding proposal set out in document GCF/B.22/10/Add.06, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.17;
- (c) Decides in respect of funding proposal 082 that the Asian Development Bank may seek further approval of the Board at Meetings of the Board or through decisions between Meetings of commitment of further funding in an amount, when aggregated with the amounts previously approved by the Board, no greater than USD 180,000,000, subject to the conditions set out in document GCF/B.22/10/Add.16;

- (d) Also approves funding proposal 100 for the amount of USD 96,452,228, submitted by the United Nations Development Programme, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.17;
- (e) Further Approves funding proposal 101 for the amount of USD 8,000,000, submitted by the International Fund for Agricultural Development, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.17;
- (f) Approves funding proposal 102 for the amount of EUR 25,968,612, submitted by the Banque Ouest Africaine de Développement, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.17;
- (g) Decides in respect of funding proposal 102 that the Banque Ouest Africaine de Développement may seek further approval of the Board at Meetings of the Board or through decisions between Meetings of commitment of further funding in an amount, when aggregated with the amounts previously approved by the Board, no greater than EUR 35,341,699, subject to the conditions set out in document GCF/B.22/10/Add.16;
- (h) Also approves funding proposal 103 for the amount of EUR 16,509,000, submitted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as described in the addendum to the funding proposal set out in document GCF/B.21/10/Add.07, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.17;
- (i) Decides in respect of funding proposal 103 that the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH may seek further approval of the Board at Meetings of the Board or through decisions between Meetings of commitment of further funding in an amount, when aggregated with the amounts previously approved by the Board, no greater than EUR 38,360,000, subject to the conditions set out in document GCF/B.22/10/Add.16;
- (j) Further approves funding proposal 104 for the amount of USD 100,000,000, submitted by the Africa Finance Corporation, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.11;
- (k) Approves funding proposal 105 for the amount of EUR 61,000,000, submitted by Banque Ouest Africaine de Développement, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.12;
- (l) Also approves funding proposal 106 for the amount of USD 100,000,000, submitted by the Development Bank of Southern Africa, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.13;
- (m) Further approves simplified approval process (SAP) funding proposal 005 for the amount of USD 9,000,000, submitted by the United Nations Environment Programme, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.17;
- (n) Approves simplified approval process (SAP) funding proposal 006 for the amount of USD 8,904,000, submitted by the Environmental Investment Fund, subject to the conditions set out in document GCF/B.22/10/Add.16 and in the respective term sheet set out in document GCF/B.22/10/Add.17;

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- (o) Reaffirms that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (p) Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.
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