

DECISION B.11/11*

Agenda item 11: Consideration of funding proposals

The Board, having considered document GCF/B.11/04 titled “Consideration of funding proposals” and its related addenda, as well as matters related to the proposal approval process:

- (a) Recognizes that the GCF has agreed an initial framework of policies and procedures related to the proposal submission and approval processes;
- (b) Notes that the GCF is a continuously learning institution and will draw on the lessons from this first round of proposal consideration in order to improve the process in future iterations;
- (c) Acknowledges existing policy gaps in the GCF’s approval process, including project eligibility criteria, calculation of incremental costs, and risk investment criteria;
- (d) Notes common areas in which projects could provide a better demonstration of how they meet existing GCF policies taking into account the gaps in paragraph (c) at the eleventh meeting, including but not limited to:
 - (i) The linkage between climate actions and how they enable economic development to proceed in a sustainable manner;
 - (ii) How the project/programme incorporates potential innovation;
 - (iii) How benefits will be sustained once GCF financing ends;
 - (iv) Monitoring and evaluation, including how lessons can be disseminated to inform and possibly promote replication in other regions/countries;
 - (v) How benefits for women and girls will be delivered;
 - (vi) How fiduciary weaknesses in project countries will be addressed;
 - (vii) Country ownership and effective stakeholder engagement; and
 - (viii) Additionality of the funding.
- (e) Also notes convergence on the need within the approval process to enhance transparency, clarity, accessibility, balance, knowledge management and country ownership, including by actively seeking participation of NDAs, focal points and relevant stakeholders in the early stages of the project cycle and beyond the provision of the no-objection letter;
- (f) Further notes convergence on the need to ensure that matters related to enhancing transparency and scaling-up of the Fund’s pipeline are captured in the preparation of the Strategic Plan for the Fund and related decisions on country programming and readiness and preparatory support, with the objective to ensure sufficient country ownership and enhance the participation of direct access entities;
- (g) Requests the Secretariat to provide an update of the pipeline portfolio and to submit it for information to the Board as part of the documentation submitted for every Board meeting;

* This decision is published as it is adopted by the Board.

- (h) Further requests the Secretariat to include the ITAP's assessment of each funding proposal as part of the documentation published in the Fund's website for funding proposals;
- (i) Agrees to include in the consideration of the 2016 work plan matters related to outstanding decisions regarding the proposal approval process and the programme and project cycle. This would include consideration of matters related to the implementation of Decision B.07/03 and Annex VII and paragraph 53 of the Governing Instrument with regard to the simplified process for the approval of proposals for certain activities, in particular for small-scale activities;
- (j) Decides to review the proposal approval process approved by the Board in decision B.07/03 and Annex VII to document GCF/B.07/11 based on the experience gathered from the review of the first batch of proposals submitted for consideration of the Board, with a view to:
- (i) Strengthen and scale up the Fund's pipeline and country pipelines and programmes;
 - (ii) Streamline and improve the transparency of the proposal approval process;
 - (iii) Define further decision making options including deferral of proposal approvals;
 - (iv) Review how concept notes should work within the project cycle, facilitate the independent Technical Advisory Panel's feedback on concept notes, and facilitate contact of the ITAP with accredited entities as useful and necessary;
 - (v) Support the Board to make decisions regarding funding proposals;
 - (vi) Strengthen project/programme eligibility criteria, including categories of incremental cost eligible for funding; and
 - (vii) Interim procedures for redress pending the recruitment of the head of the independent redress mechanism.
- The review will include, but is not limited to, the policy gaps listed in paragraph (c) and other common areas as contained in paragraph (d) above.
- (k) Requests the Secretariat to undertake this review overseen by the ad-hoc group of Board members as set out in decision B.11/03 to discuss at the informal meeting of the Board and subsequently deliver a progress report at the twelfth meeting and a final report at the thirteenth meeting.
- (l) Also decides to establish a project preparation facility to provide funding up to 10% of requested GCF funding with a maximum of USD 1.5 million for any single proposal. The process would involve concept notes providing due justification of need from accredited entities. After an appropriate review and an initial assessment against the investment criteria and justification of need, the Secretariat will send its funding request for project preparation to the Board for approval. The project preparation facility would be targeted to small-scale activities and Direct Access entities. The Secretariat will review the project preparation facility for consideration by the Board at its fourteenth meeting;
- (m) The Board aspires to approve funding proposals in 2016 to a value of USD 2.5 billion.
- (n) Requests the Accreditation Committee in the accreditation strategy to include options for streamlining modalities for fast-tracking accreditation of national implementing entities using third party assessments as appropriate;
- (o) Requests the Secretariat, in consultation with the ITAP, NDA, focal points and AEs to simplify the funding proposal template and concept note template in an expeditious manner;

- (p) Decides that concept notes sent to the GCF include a clear paragraph indicating how the project fits in with the country's national priorities and its full ownership of the concept;
- (q) Takes note of the following funding proposals:
- (i) Funding proposal 001 titled "Building the Resilience of Wetlands in the Province of Datem del Maranon in Peru" (by Profonanpe), as contained in addendum I;
 - (ii) Funding proposal 002 "Scaling Up the Use of Modernized Climate Information and Early Warning Systems in Malawi" (by United Nations Development Programme), as contained in addendum II;
 - (iii) Funding proposal 003 "Increasing the Resilience of Ecosystems and Communities through the Restoration of the Productive Bases of Salinized Lands in Senegal" (by Centre de Suivi Ecologique), as contained in addendum III;
 - (iv) Funding proposal 004 "Climate Resilient Infrastructure Mainstreaming in Bangladesh" (by KfW Development Bank), as contained in addendum IV;
 - (v) Funding proposal 005 "KawiSafi Ventures Fund in Eastern Africa" (by Acumen), as contained in addendum V;
 - (vi) Funding proposal 006 "Energy Efficiency Green Bond in Latin America and the Caribbean" (by Inter-American Development Bank), as contained in addendum VI;
 - (vii) Funding proposal 007 "Supporting Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages" (by United Nations Development Programme), as contained in addendum VII; and
 - (viii) Funding proposal 008 "Urban Water Supply and Wastewater Management Project in Fiji" (by Asian Development Bank), as contained in addendum VIII.
- (r) Approves, contingent on the fulfilment of conditions and due consideration to recommendations as contained in Annex I, the amount of USD 6.24 million in grants for the project entitled "Building the Resilience of Wetlands in the Province of Datem del Maranon in Peru", submitted by Profonanpe;
- (s) Approves, contingent on due consideration to recommendations as contained in Annex I, the amount of USD 12.295 million in grants for the project entitled "Scaling Up the Use of Modernized Climate Information and Early Warning Systems in Malawi", submitted by the United Nations Development Programme;
- (t) Approves, contingent on the fulfilment of conditions and due consideration to recommendations as contained in Annex I, the amount of USD 7.61 million in grants for the project entitled "Increasing the Resilience of Ecosystems and Communities through the Restoration of the Productive Bases of Salinized Lands in Senegal", submitted by Centre de Suivi Ecologique;
- (u) Approves, contingent on the fulfilment of conditions and due consideration to recommendations as contained in Annex I, the amount of USD 40 million in grants for the project entitled "Climate Resilient Infrastructure Mainstreaming in Bangladesh", submitted by KfW Development Bank;
- (v) Approves, contingent on the fulfilment of conditions as contained in Annex I, the amount of USD 20 million in equity and, subject to Acumen's upgrade of the accreditation type for specialized fiduciary standard for grant award and/or funding allocation mechanisms, 5 million in grants for the programme entitled "KawiSafi Ventures Fund in Eastern Africa", submitted by Acumen;
- (w) Approves, contingent on the fulfilment of conditions and due consideration to recommendations as contained in Annex I, the amount of USD 20 million of guarantee

for the pilot phase in Mexico and USD 2 million as a programme development grant for the programme entitled “Energy Efficiency Green Bond in Latin America and the Caribbean” in Colombia, the Dominican Republic, and Jamaica, submitted by the Inter-American Development Bank;

- (x) Approves, contingent on the fulfilment of the conditions and due consideration to recommendations as contained in Annex I, to allocate USD 195 million for the next phases of the programme entitled “Energy Efficiency Green Bond in Latin America and the Caribbean”, to be committed, subject to funding approval by the Board, in several tranches over the course of the next five years;
- (y) Approves, contingent on the due consideration to the recommendation as contained in Annex I, the amount of USD 23.64 million in grants for the project entitled “Supporting Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages”, submitted by the United Nations Development Programme;
- (z) Approves the amount of USD 31.04 million in grants for the project entitled “Urban Water Supply and Wastewater Management Project in Fiji”, submitted by the Asian Development Bank;
- (aa) Reaffirms that pursuant to decision B.07/03, Annex VII, the Executive Director or her designee is authorized to negotiate and enter into legal agreements on behalf of the Green Climate Fund with accredited entities in respect of funding proposals approved by the Board, taking into account any condition set by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (bb) 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 to the interim policy on fees for accredited entities.

Annex I: List of conditions and recommendations

Table 1. General conditions applicable to all funding proposals

Funding proposal number	Conditions
<p>All proposals</p>	<p>The Funded Activity Agreement shall be entered into within a period not in excess of 180 days* after the date of Board approval or the date when all internal approvals by the accredited entity are obtained, whichever is later. Moreover, the following conditions shall be met:</p> <p><u>Conditions to be met prior to the execution of the Funded Activity Agreement:†</u></p> <ul style="list-style-type: none"> (i) Finalization of the accreditation master agreement in form and substance satisfactory to GCF; (ii) Completion of the legal due diligence to GCF's satisfaction; and (iii) Obtaining all final internal approvals by the accredited entity to implement the project or programme, and a legal opinion/certificate confirming this within 120 days‡ after Board approval.§ <p><u>Conditions to be met prior to disbursement:</u></p> <ul style="list-style-type: none"> (i) Finalization of legal documentation in form and substance satisfactory to GCF; and (ii) Fulfilment of any conditions precedent included in the FAA to GCF's satisfaction.

Table 2. Project-specific conditions and recommendations

Funding proposal number	Condition and Recommendations
<p>FP 001 (Profonanpe Peru)</p>	<p><u>Conditions for disbursement under the Funded Activity Agreement</u></p> <ul style="list-style-type: none"> (i) Satisfaction of the accreditation condition prescribed in the accreditation decision B.09/07, Annex VII; (ii) The accredited entity to clarify which indigenous organizations wish to participate in the project and to obtain clear written consent from their representative organizations in order to ensure that project is only implemented in the territories of the indigenous organizations that have provided their clear consent to the project. (iii) The accredited entity to provide the opportunity for the participating indigenous organizations to take part in project design in dialogue with accredited entity. (iv) Presentation of the climate change strategy outline, including all the components of the project with concrete outcomes, indicators and timing;

* For FP 004 KfW Bangladesh the period shall be 360 days.

† The Funded Activity Agreement embodies the legal arrangements between GCF and the accredited entity, as meant in decision B.07/03, Annex VII, paragraph 6.1.

‡ For FP 008 ADB Fiji, obtaining all internal approvals by the accredited entity to implement the project, and a legal opinion confirming this is within 360 days after Board approval.

§ According to the proposed Accreditation Master Agreement template, the number of days may be specified by the Board in its approval decision, but not to exceed 120 days after Board approval.

	<p>(v) Presentation of a project team structure, including institutional agreements with stakeholders; and</p> <p>(vi) Presentation of the knowledge and communication strategy outline.</p> <p><u>Conditions to be met during the implementation of the project:</u></p> <p>(vii) Presentation of business plans for each of the seven bio-businesses;</p> <p><u>Recommendations:</u></p> <p>(viii) The accredited entity to ensure the inclusion of this project into the regional and national climate change strategies, particularly in REDD+ activities;</p> <p>(ix) GHG emissions accounting to be adjusted according to the national forest reference level when available;</p> <p>(x) The consultation process and safeguards implementation with indigenous communities, including conflict resolution mechanisms, to follow the national legislation and available guidance for REDD+ implementation in Peru; and</p> <p>(xi) The accredited entity to work closely with the local governments to access to public funding to support the project's long term sustainability.</p>
<p>FP 002 (UNDP Malawi)</p>	<p><u>Recommendations</u></p> <p>(i) The accredited entity to ensure greater institutional strengthening of monitoring and evaluation activities through clearly defined indicators and the application of robust evaluation tools so that the evaluation during and after the project implementation becomes worthwhile and is used as a learning tool; and</p> <p>(ii) The accredited entity to strengthen the learning and outreach efforts of the proposed project by reflecting on the lessons learned to facilitate replication in other countries, with the aim of contributing towards the greater global common good.</p>
<p>FP 003 (CSE Senegal)</p>	<p><u>Conditions for disbursement under the Funded Activity Agreement:</u></p> <p>(i) Satisfaction of the accreditation conditions prescribed in the accreditation Decision B.09/07 Annex IV; and</p> <p>(ii) Submission of the detailed procurement plan in form and substance satisfactory to GCF.</p> <p><u>Recommendations:</u></p> <p>(i) Improvement of the logical framework during the first year of project implementation and to quantify as well as to validate the indicators with their baselines and targets with the project stakeholders and beneficiary communities; and</p> <p>(ii) Higher level of ambition may be exhibited with the same budget, supplemented with a clearly defined theory of change.</p>
<p>FP 004 (KfW Bangladesh)</p>	<p><u>Conditions for disbursement under the Funded Activity Agreement:</u></p> <p>(i) Submission of detailed cost estimates;</p> <p>(ii) Submission of a detailed procurement plan, both in form and substance satisfactory to GCF; and</p> <p>(iii) Provision of a concrete theory of change and a methodology regarding how the functioning of the climate information system will be generated and mainstreamed with all other stakeholders within the country.</p> <p><u>Recommendations:</u></p> <p>(i) The recipient of component 1 to produce a manual highlighting the needs-specific steps and detailing methods and examples of design criteria that</p>

	<p>are likely to be utilized by various national stakeholders towards building resilience in infrastructure throughout Bangladesh; and</p> <p>(ii) Component 1 can be revitalized to place the responsibility for managing the Climate Resilient Local Infrastructure Center with a leading national agency other than the Local Government Engineering Department.</p>
FP 005 (Acumen KawiSafi Fund)	<p><u>Conditions for disbursement under the Funded Activity Agreement:</u></p> <p>(i) Satisfaction of the accreditation condition prescribed in the accreditation decision B.09/07, Annex VII.</p> <p>(ii) Material terms and conditions set forth in the term sheet attached to the funding proposal, provided, however, that GCF benefits from more favorable terms that may be provided to other limited partners for the initial closing of the KawiSafi Ventures Fund.</p>
FP 006 (IDB Green Bond)	<p><u>Conditions for the USD 20 million guarantee for the pilot phase of the programme in Mexico:</u></p> <p>(i) Material terms and conditions set forth in the term sheet attached to the funding proposal.</p> <p><u>Conditions for the USD 2 million programme development grant for the programme in Colombia, the Dominican Republic and Jamaica:</u></p> <p>(ii) Avoid concentration of funding in programme development in beneficiary countries and ensure fair and equitable access to the funds, in particular for the two Small Island Developing States participating in the programme. The maximum amount of GCF funding sought under the programme development grant for each targeted country should not exceed 35%. Any excess of resources allocated to any given programme development could be reallocated to the other one.</p> <p><u>Conditions for the USD 195 million allocation for next phases of the programme:</u></p> <p>(iii) Avoid concentration of funding in some beneficiary countries and ensure fair and equitable access to the funds, in particular for the Small Island Developing States participating in the programme; and</p> <p>(iv) IDB to report to the GCF on the performance and outcomes of the implementation of the pilot phase of the project before the GCF Board approves funding for subsequent phases.</p> <p><u>Recommendations:</u></p> <p>(v) Appointment of external counsel(s) by GCF to provide relevant advice to GCF prior to executing legal documentation related to this programme; and</p> <p>(vi) Before the signing of the Funded Activity Agreement, development of a climate change framework from each of the Energy Service Companies, including:</p> <ul style="list-style-type: none"> - Technology transfer and innovation; - Knowledge sharing amongst SMEs; - Knowledge aggregation with concrete indicators.
FP 007 (UNDP Maldives)	<p><u>Recommendation:</u></p> <p>(vii) During the project inception phase, the executing entity and the utilities to set an agreed implementation road map and actively involve the communities in the maintenance of the rain water harvest systems.</p>
FP 008 (ADB Fiji)	None.