

Annex VII: List of conditions and recommendations (original document reference: GCF/B.34/02/Add.13)

14. The approval of the funding proposals approved by the Board pursuant to decision B.34/10 shall be conditional upon the satisfaction of the conditions set out in tables 1 and 2.

Table 1. General conditions applicable to all funding proposals

FP number	Conditions
All proposals	<p>(a) Signature of the funded activity agreement (“FAA”) in a form and substance satisfactory to the GCF Secretariat within 180 days from the date of Board approval, or the date the accredited entity has provided a certificate or legal opinion set out in paragraph (ii) below, or the date of effectiveness of the accreditation master agreement (“AMA”) entered into with the relevant accredited entity, whichever is later.</p> <p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <ul style="list-style-type: none"> (i) Completion of the legal due diligence to the GCF Secretariat’s satisfaction; and (ii) Submission of a certificate or a legal opinion in a form and substance that is satisfactory to the GCF Secretariat, within 120 days after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme.

Table 2. Conditions specific to individual funding proposals

FP number	Conditions
FP191 (SPC Vanuatu)	<i>None</i>
FP192 (CCCCC Barbados)	<i>None</i>
FP193 (PROFONA NPE Peru)	<p><i>independent TAP conditions</i></p> <p><u>Condition precedent to second disbursement by GCF under the FAA:</u> Submission to the Secretariat of a revised operations manual for the project, in a form and substance satisfactory to the Secretariat, which contains:</p>



	<p>(a) A detailed screening process to guide the Eco Bio Business Facility investment committee in analysing grant applications and selecting which eco-bio businesses will receive grants under Window 2 of the Eco Bio Business Facility, with a detailed set of screening questions for each of the five value chain categories (agroforestry, forest use for timber purposes, non-timber forest use, ecotourism, wildlife management); and</p> <p>A measurement, reporting and verification system to monitor the greenhouse gas emissions reductions of the Eco Bio Business Facility during the implementation period of the project.</p>
<p>FP194 (AFD PEEB Cool)</p>	<p><i>None</i></p>
<p>FP195 (CAF E- Motion)</p>	<p><i>independent TAP conditions</i></p> <p><u>Satisfaction of the following condition prior to execution of the FAA</u></p> <p>(a) Delivery by the accredited entity to the Fund, in a form and substance satisfactory to the GCF Secretariat of:</p> <p>(i) A stakeholder engagement plan documenting how specific public institutions responsible for transport sector policy, relevant subject matters, and monitoring¹ will be engaged during the implementation of the proposed programme in each of the three countries for the purposes of aligning on an annual basis the policy and regulatory framework for the transport sector in each of the three countries with the development and implementation of the programme (the “SEP”).</p> <p>(ii) An updated monitoring and evaluation plan (“Updated M&E Plan”) to include data² that can be used for annual verification of the greenhouse gas emission reductions (“GHG ER”) from e-bus, eLCV, charging infra etc. projects financed under the programme. The Updated M&E Plan shall be available for the verification of the programme at the end of the first year of the programme in each of the three countries.</p> <p>¹ Relevant department in each country that is saddled with the monitoring of the performance of transport infrastructure ² Explicit variables and assumption used in the estimation of CERs and adaptation benefits</p>
<p>FP196 (KDB Indonesia)</p>	<p><i>None</i></p>
<p>FP197 (MUFG GGC)</p>	<p><i>Board conditions</i></p> <p><u>Inclusion of the following covenant in the FAA:</u></p> <p>(i) The AE must ensure that, at all times, GGC uses at least a proportion equal to 10 per cent above the GCF shareholding percentage of its guarantee capacity in the NOL Countries (“Minimum NOL Guarantee Threshold”).</p> <p><u>Satisfaction of the following condition prior to execution of the FAA:</u></p>



	<p>i) Approval by the GCF Board of the mechanism to give effect to the Minimum NOL Guarantee Threshold.</p> <p><u>Satisfaction of the following conditions prior to approval by the Board of a commitment of further funding:</u></p> <p>(a) The GCF having resources available for commitment in respect of the amounts requested;</p> <p>(b) All annual performance reports (APRs) and other reports outlined in the relevant FAA Schedule submitted by the accredited entity are in form and substance satisfactory to the GCF Secretariat, and that all changes (if any) required by the GCF Secretariat as a consequence of such APRs and reports not being satisfactory have been addressed to the satisfaction of the GCF Secretariat; and</p> <p>(c) The AE has delivered, in form and substance satisfactory to the GCF Secretariat:</p> <p>(i) A request for approval by the Board of a further commitment for the funded activity;</p> <p>(ii) Evidence that at least seventy per cent (70%) of the funds previously disbursed by the GCF have been cumulatively spent or committed (in the form of guarantees approved in principle by the Impact and Investment Committee of the Green Guarantee Company (GGC)) by GGC on the programme in accordance with the budget for the programme;</p> <p>(iii) Evidence that at least USD 400,000,000 of guarantees have been issued by GGC for projects located in countries which have provided no-objection letters; and</p> <p>(iv) A document describing any changes required to the funding proposal and the FAA, including such changes to the activities, outputs, outcomes and impacts of the programme as are required to reflect the additional activities to be undertaken with the further funding requested ("Tranche 2 Proposal").</p> <p>(d) The ITAP has endorsed the Tranche 2 Proposal as if it were a new funding proposal.</p> <p><i>independent TAP conditions</i></p> <p><u>Satisfaction of the following condition prior to execution of the FAA:</u> Delivery to GCF Secretariat by the AE of the final version of the programme operations manual, duly approved by the AE and including the content referred to in paragraphs (a) to (h) below, in a form and substance satisfactory to the GCF Board:</p> <p>(a) A final version of the GGC Guarantee Policy (in the form delivered as a condition precedent to first disbursement under the FAA), including a revised transaction selection process that sets out the GGC approach to providing guarantees, with reference to GGC's own procedures. The GGC Guarantee Policy will include a more robust adaptation and mitigation section, with indicators for each of the selected sectors involved in the funding proposal. This shall be accompanied by a robust measurement, reporting and verification system that can serve for the duration of the programme;</p> <p>(b) A final version of the document that details the process and criteria for selecting the origination partners and the actions that GGC will take to build the origination partners' capacity on climate change;</p> <p>(c) A clear description of the revised governance structure of GGC, with at least three members of the Board of Directors having climate change expertise and who are also members of both the Impact and Credit</p>
--	---

	<p>Committees. The description should also detail the roles of all parties involved in the transaction selection process, the climate advisors, the composition and role of the DGG Impact Team and the functions to be fulfilled by in-country climate change consultants;</p> <p>(d) A firewall policy and governance procedures on improper use of, sharing and discussing material non-public information within GGC, especially between the teams that conduct project selection (origination partner, borrower/client), screening or initial due diligence during the transaction selection process (DGG Impact Team, consultants), project assessment (i.e. GGC Board, DGG Impact Team, consultants), project appraisal/fact-finding missions (DGG Impact Team, local stakeholders with respect to gender, social safeguards, environmental and legal matters, etc.), and the investment decision makers (i.e. Credit Committee, GGC Board);</p> <p>(e) An operations and business plan for conducting in each Host Country which has provided an NOL:</p> <p>(i) Stakeholder consultations among the targeted sectors, potential project sponsors and the national private and public institutions that could potentially be involved in supporting climate guarantees, originating transactions or providing financial support; and</p> <p>(ii) An in-depth financial and market sector assessment covering an analysis of the climate finance market, policies and institutional capacities to support guarantees and general blended structures, with a pipeline of GGC projects that will support each of the Host Countries' NDC goals;</p> <p>(f) A final budget with the appropriate cost and management fees payable by GGC;</p> <p>(g) A management continuity plan for GGC (the "Management Continuity Plan"), including key person provisions, given the risk of personnel and/or institutional/company ownership structure changes over the 20-year period, with such plan to be approved by the holding company established by the Accredited Entity to hold GCF's indirect interest in GGC ("GCF Holdings"), in its capacity as a shareholder of GGC, as a Shareholder Reserved Matter in accordance with the process set out in the GGC Shareholders' Agreement. The plan will include the design of business processes, formulation of policies on personnel and exit strategies and must be consistent with the GGC Shareholders' Agreement and Management Agreement; and</p> <p>(h) A system of quotas which ensures that a minimum percentage of the total GGC portfolio of Guarantees will be allocated to a specific group of countries: Host Countries that are below investment grade or with no credit rating.</p>
--	--

	<p><u>Inclusion of the following covenants in the FAA:</u></p> <p>(a) The Accredited Entity shall implement appropriate measures to manage and to deter, mitigate and/or correct any conflicts of interest, actual or perceived, between the Accredited Entity on the one hand and the Accredited Entity and its affiliates on the other hand which may be involved in other activities relating to GGC, including without limitation:</p> <p>(i) A firewall policy and governance procedures on improper use of, sharing and discussing material non-public information received in connection with GGC; and</p> <p>(ii) Appropriate information barriers between the personnel of the Accredited Entity involved in its origination function (including acting as an origination partner under the programme) and the personnel of the Accredited Entity involved in carrying out the functions of the Accredited Entity under the AMA and FAA;</p> <p>(b) The Accredited Entity shall ensure that DGG implements appropriate measures to manage and to deter, mitigate and/or correct any conflicts of interest, actual or perceived, between DGG on the one hand and DGG and its affiliates on the other hand which may be involved in other activities relating to GGC, including without limitation, a firewall policy and governance procedures on improper use of, sharing and discussing material non-public information received in connection with GGC;</p> <p>(c) The Accredited Entity shall deliver to the GCF, once every two years following the effective date of the FAA, a report containing a benchmarking and survey of management fees and costs (including staff, operations, consultants, regulatory) payable by GGC, relative to the prevailing market costs of similar guarantee facilities;</p> <p>(d) The Accredited Entity shall deliver to the GCF, once every two years following the effective date of the FAA, an updated Management Continuity Plan, to be approved by GCF Holdings, in its capacity as a shareholder of GGC, as a Shareholder Reserved Matter in accordance with the process set out in the GGC Shareholders' Agreement; and</p> <p>(e) The Accredited Entity shall maintain a team of personnel at all relevant levels, each having the required capacity, skills, knowledge and expertise to act in such capacity, so as to enable the Accredited Entity to fulfil its obligations under the AMA and the FAA with respect to the implementation of the programme.</p>
<p>FP198 (GIZ CATALI.5° T)</p>	<p><i>independent TAP conditions</i></p> <p><u>Conditions precedent to the execution of the FAA:</u> Delivery by the AE to GCF, in a form and substance satisfactory to the GCF Secretariat, of:</p>

	<p>(a) A clear plan documenting how the Climate Change National Designated Authority (NDA) in each participating Host Country in each of the two regions of the programme will be involved in the CATALI.5°T Initiative at national level during the implementation period. The plan should also be explicit about how long-term sustainability in each Host Country will be ensured beyond the CATALI.5°T Initiative implementation period; and</p> <p>(b) A clear plan documenting how the Global Advisory Committee (GAC) of the programme will be expanded before programme inception to include, as members, two public sector representatives – one from Latin America and one from West Africa respectively, who will be nominated by, and who will represent, the NDAs of all the participating Host Countries in those regions.</p>
SAP025 (OSS Guinea- Bissau)	<i>None</i>

15. In addition, it is recommended that, for all approved funding proposals, disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.

16. It is also recommended that the accredited entity implements the following recommendations during the implementation of the relevant project or programme.

Table 3. Project-specific recommendations

FP number	Recommendations
FP191 (SPC Vanuatu)	<i>None</i>
FP192 (CCCCC Barbados)	<p><i>independent TAP recommendations</i></p> <p>(a) To continue and, if needed, increase the effort in characterizing the influent wastewater (both flow rates and concentrations of pollutants), thereby reducing the risk of inefficient design and plant failure;</p> <p>(b) To keep monitoring influent, effluent and operational conditions once the plant is commissioned. This information will be very valuable for future upgrades;</p> <p>(c) To estimate the amount of emissions related to the proposed increase in wastewater treatment, for example additional energy for blowers, pumping (within and outside the sewage treatment plant), sludge treatment, etc.; methane emitted from increased amounts of sludge; emissions of nitrous oxide inherent to the nitrification-denitrification within the Bardenpho process; and to report these emissions and</p>



	<p>compare them to GHG emission reductions claimed for the PV generation;</p> <p>(d) To monitor emissions of GHG in the upgraded sewage treatment plant;</p> <p>(e) To look for private sector parties interested in installation of methane capture and cogeneration of energy within the facility (which would reduce GHG emissions both at Scope 1 and Scope 2); and</p> <p>(f) To re-evaluate and make more realistic estimations of the operation and maintenance costs for the PV system.</p>
FP193 (PROFONA NPE Peru)	<p><i>independent TAP recommendations</i></p> <p>(a) To have a strong Impact Committee able to review potential investments, with clear links to the Board of the REDD+ Financial Mechanism and clear roles and responsibilities defined for both bodies;</p> <p>(b) To ensure further engagement and consultation with potential beneficiaries and relevant stakeholders in the selected regions;</p> <p>(c) To begin discussions immediately to crowd in impact investors and funds to the EBBF;</p> <p>(d) To revise the financial and economic models to include specific analysis in the five selected categories and not only in the coffee, cacao and Brazil nut value chains; and</p> <p>(e) To revise the staff costs of the PMU on a regular basis, accounting for economies of scale with other relevant projects managed by Profonanpe.</p>
FP194 (AFD PEEB Cool)	<i>None</i>
FP195 (CAF E- Motion)	<i>None</i>
FP196 (KDB Indonesia)	<i>None</i>
FP197 (MUGG GGC)	<i>None</i>
FP198 (GIZ CATAL.5° T)	<i>None</i>
SAP025 (OSS Guinea- Bissau)	<p><i>independent TAP recommendations</i></p> <p>(a) To handle the water provision with utmost care, especially when it opens opportunities to exploit groundwater resources, since access will be created for irrigation. Since cashew is a commercial crop, provisioning of irrigation might entice farmers to grow more cashew – even if this means exploiting groundwater resources, even beyond the</p>



	<p>recharge capacity of the aquifer. This must be discouraged. The project's fieldworkers need to interact with the local government and the climate community centres (CCCs) leaders so that the newly developed/augmented irrigation facilities are restricted for rice and vegetable production and the farmers refrain from using groundwater as a source for irrigation water for cashew production. The creation of water committees within CCCs, where this interaction will take place and be formalized, is recommended. Equal participation of women and men in such committees is highly recommended.</p> <p>(b) To integrate the precautionary principle regarding groundwater exploitation into the ESMF of the project, so that adequate attention is given to maintaining inter-generational equity.</p>
--	---