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# Report of the twenty-first meeting of the Board, 17 – 20 October 2018

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**GCF/B.21/35**

17 January 2019

**Meeting of the Board**

17 – 20 October 2018

Manama, Bahrain

Agenda item 33

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## **Agenda item 1: Opening of the meeting**

1. The Co-Chairs officially opened the twenty-first meeting of the Board (B.21) at 9:08 a.m. on Wednesday, 17 October 2018.
2. They thanked the Government of the Kingdom of Bahrain for hosting the meeting and for the excellent reception, which took place the previous evening. They also expressed thanks for the close collaboration between the host team and the GCF Secretariat in the organization of the meeting. They welcomed Minister Sheikh Mohammed bin Khalifa al Khalifa and invited him to make some opening remarks.
3. Minister Sheikh Mohammed bin Khalifa al Khalifa said that Bahrain was delighted to have the opportunity to play a small part in what was one of the most strategic organizations emerging from the United Nations (UN). The Minister noted that discussions were ongoing with the GCF executive team on the concept of a green or clean energy bank. It was hoped that once these had sufficiently advanced they could be brought to the Board for consideration. Many of these kinds of initiatives were becoming increasingly commercially viable and were a way to mobilize the private sector. Finally, the Minister expressed the hope that the Board would have a very productive meeting and thanked the Co-Chairs and the entire team.
4. The Co-Chairs thanked the Minister for his opening remarks. They then welcomed new members of the Board and alternate Board members:
  - (a) Mr. Hiroshi Matsuura, who replaced Mr. Tamaki Tsukada as Board member;
  - (b) Ms. Paola Pettinari, who replaced Ms. Ludovica Soderini as alternate Board member;
  - (c) Mr. Frank Fass-Metz, who replaced Mr. Karsten Sach as Board member;
  - (d) Mr. Norbert Gorißen, who replaced Ms. Kordula Mehlhart as alternate Board member;
  - (e) Ms. Rajasree Ray, who replaced Mr. Mungath Madhavan Kutty as Board member;
  - (f) Mr. Wenxing Pan, who replaced Mr. Weifeng Yang as Board member;
  - (g) Mr. Leonardo Pupperto, who replaced Ms. May Gicquel as alternate Board member;
  - (h) Mr. Tobias von Platen-Hallermund, who replaced Ms. Merete Villum Pedersen as alternate Board member;
  - (i) Mr. Mathew Haarsager, who replaced Mr. Geoffrey Okamoto as Board member;
  - (j) Mr. Jaya Singam Rajoo, who replaced Mr. Azimuddin Bahari as alternate Board member;
  - (k) Ms. Paola Pettinari who replaced Ms. Esther Gonzalez Sanz as Board member; and
  - (l) Ms. Esther Gonzalez Sanz who replaced Ms. Paola Pettinari as alternate Board member.
5. The Co-Chairs thanked the outgoing members and alternate members of the Board for their service. In addition, they thanked the active observers and approximately 250 accredited observers, accredited entities, national designated authorities (NDAs) and Party States in the overflow room as well as those following the discussions live; indicating that all those concerned were key stakeholders in the GCF and played important roles in delivering the mandate of GCF.
6. Furthermore, they thanked the Secretariat, both management and staff, for their support during the meeting preparations as well as for their dedication and commitment to carrying out the work of GCF.
7. In terms of the preparations for the Board meeting, they underlined the timely issuance of B.21 documentation, with some documents having gone through a consultation process with

Board members. This was a joint effort between the Board, the Co-Chairs and the Secretariat, and would be good practice for future meetings.

8. At its twentieth meeting (B.20), the Board, through decision B.20/01, requested that the Co-Chairs consult with Board members on matters relating to the preparations for B.21. As a result, there had been an intensive consultation process prior to this meeting.

9. The Co-Chairs had shared a note outlining a process for Board consultations in preparation for B.21, including on the agenda and Board documents. This note then formed the basis for consultation guidelines, which were circulated to the Board.

10. As part of the consultation process proposed by the Co-Chairs, the Secretariat procured the web-based platform PleaseReview™ to facilitate commenting on documents by Board members. Documents were both uploaded to the online platform and transmitted to the Board via email, and the Board was invited to submit comments either through the platform or through email.

11. The Co-Chairs also highlighted the timely issuance of B.21 documents, which were circulated 21 days ahead of the Board meeting.

12. The Co-Chairs thanked the Board for its full cooperation in this endeavour, and for the tireless support of the Secretariat. As well as observing that they hoped that this method could be used in future, they indicated their belief that the intensive preparations would help in deliberations on matters presented for consideration and decision by the Board at B.21. They requested that Board members be succinct in their comments and questions and noted that they would continue the past practice of ending each day at 6 p.m.

13. In his opening remarks, developing country Co-Chair, Mr. Paul Oquist, said that climate finance was the greatest outstanding issue in negotiations to achieve low-emission, sustainable, climate-resilient societies. GCF was fundamental to this endeavour as the largest entity among those tasked by the Conferences of the Parties (COP) to the United Nations Framework for Climate change (UNFCCC) to meet the challenge of climate change, and as the one with the most potential. The world had the science and technology to achieve this; technology could be purchased and capacity built. Global financial resources existed but they needed to be aligned with the goal of low-emission, sustainable, climate-resilient development. GCF had an enormous opportunity and responsibility to move forward with its deliberations. Critical to this, was the replenishment of GCF; this was the litmus test. Mr. Oquist said that he considered climate change to be the greatest social and political battle of the century; the stakes for developing countries and the world were great. The Co-Chair wished the Board well as it advanced its work with effective decisions during B.21.

14. Developed country Co-Chair, Mr. Lennart Båge, echoed these remarks and noted that just a week earlier, the Intergovernmental Panel on Climate Change (IPCC) had issued its Special Report on Global Warming of 1.5 °C. The clear message was that the global community was behind the curve. This further underlined the tremendous responsibility of the Board and the importance of the work it would undertake at B.21.

## **Agenda item 2: Adoption of the agenda and organization of work**

15. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/01/Drf.03 titled “Provisional agenda”.

16. They stated that, following consultations with members and alternate members of the Board, the provisional agenda for B.21 was circulated to the Board as document GCF/B.21/01/Drf.01 on 3 August 2018. The revised provisional agenda was later issued to the Board and posted on the GCF website as document GCF/B.21/01/Drf.02 on 17 September 2018.

They noted that the provisional agenda was then further amended after the document publication deadline to align with the documentation that was issued for B.21. On 14 October 2018, the third draft of the provisional agenda was issued as document GCF/B.21/01/Drf.03. The changes made from the previous version were as follows:

- (a) Two agenda items whose documents had not been issued were removed from the agenda, namely the “Standards for the implementation of the AML-CFT policy” and “Performance committee for Board-appointed officials and oversight of the independent units”. Regarding the latter item, a detailed update was provided in document GCF/B.21/Inf.14 titled “Report on the activities of the Co-Chairs”;
- (b) Two policy papers that were initially identified as being presented as information documents were issued as decision documents, namely the “Review of the financial terms and conditions of the GCF financial instruments” and the “Results management framework: Independent Evaluation Unit recommendations to improve the results management framework”; and
- (c) Several agenda item names were amended to match their document titles, better reflecting what was being presented to the Board for consideration.

17. However, the Co-Chairs informed the Board that they had received a request to make a further adjustment to the agenda. In the printed copies distributed to the Board, the item “Mapping of elements related to project or programme eligibility and selection criteria” that was previously agenda sub-item 27(a) had been moved up the agenda, under “Policy matters related to the approval of funding proposals”, as agenda sub-item 26(i).

18. In accordance with paragraph 20 of the Rules of Procedure of the Board, the Co-Chairs invited the Board to adopt the fourth draft of the provisional agenda as contained in document GCF/B.21/01/Drf.04.

19. They opened the floor for comments.

20. There being no comments, the Board adopted the amended agenda as set out below:

- 1. Opening of the meeting
- 2. Adoption of the agenda and organization of work
- 3. Adoption of the report of the twentieth meeting of the Board
- 4. Board decisions proposed between the twentieth and twenty-first meetings of the Board
- 5. Report on the activities of the Secretariat<sup>1</sup>
- 6. Reports from Board committees, panels and groups
- 7. Reports from the independent units

#### **Co-Chairs consultations and matters**

- 8. Report on the activities of the Co-Chairs
  - (a) Co-Chairs’ report, including the implementation of the workplan for 2018
  - (b) Outcome of Co-Chairs consultations: guidelines on decisions without a Board meeting

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<sup>1</sup> This would include “Status of the accreditation master agreements”.

- (c) Outcome of Co-Chairs consultations: decision-making in the absence of consensus
- 9. Workplan of the Board for 2019

### **Board matters**

- 10. Selection of the Executive Director of the independent Secretariat
- 11. Matters related to the selection of the Permanent Trustee
- 12. Review of the effectiveness of the committees, panels and group established by the Board: status update

### **Administrative and budgetary matters**

- 13. Secretariat matters
  - (a) Report on the execution of the administrative budget for 2018
  - (b) Work programme and administrative budget for 2019
  - (c) Revised legal framework on human resources management – Code of Conduct
- 14. Work programmes and budgets of the independent units for 2019

### **Approval of funding and accreditation proposals**

- 15. Status of GCF resources and portfolio performance
  - (a) Status of the initial resource mobilization process
  - (b) Status of the GCF pipeline, including the status of Project Preparation Facility requests
  - (c) Annual portfolio performance report
  - (d) Status of the GCF portfolio: approved projects and the fulfilment of conditions
  - (e) Analysis of options for the financial planning of the commitment authority of GCF for the remainder of the initial resource mobilization period and in 2019
- 16. Consideration of funding proposals
- 17. Consideration of accreditation proposals

### **Resource mobilization**

- 18. Performance review of the GCF for the initial resource mobilization period
- 19. Arrangements for the first formal replenishment of the GCF

### **GCF policies**

- 20. Updated gender policy and action plan
- 21. Risk management framework: compliance risk policy
- 22. Accreditation framework review



23. Baseline on the overall portfolio of accredited entities
24. Whistle-blower and witness protection policy
25. Prohibited practices policy

### **Policy matters related to the approval of funding proposals**

26. Policy matters related to the approval of funding proposals
  - (a) Integrated approach to addressing policy gaps
    - (i) Incremental and full cost calculation methodology
    - (ii) Co-financing matters
    - (iii) Options for further guidance on concessionality
  - (b) Policy on restructuring and cancellation
  - (c) Revision of the structure and operations of the independent Technical Advisory Panel
  - (d) Two-stage proposal approval process
  - (e) Programmatic policy approach
  - (f) Investment criteria indicators
  - (g) Review of the financial terms and conditions of the GCF financial instruments
  - (h) Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework
  - (i) Mapping of elements related to project or programme eligibility and selection criteria
27. Policy matters for information
  - (a) Steps to enhance the climate rationale of GCF-supported activities
  - (b) Approach and scope for providing support to adaptation activities
  - (c) Identification of results areas where targeted GCF investment would have the most impact

### **Country programming and ownership**

28. Country programming and readiness: report of the independent evaluation of the Readiness and Preparatory Support Programme
29. Dates and venues of the meetings of the Board in 2019
30. Status of the selection of Board members for the term 2019–2021
31. Election of Co-Chairs for 2019
32. Other matters
33. Report of the meeting
34. Close of the meeting

21. During later agenda items, Board members raised two further points regarding the agenda and organization of work. One involved a request to the Co-Chairs by a Board member to ensure that they adhere strictly to the daily programme (as recorded under agenda item 9, “Workplan of the Board for 2019”), and secondly, that agenda item 28 titled “Country programming and readiness: report of the independent evaluation of the Readiness and Preparatory Support Programme” be moved up the agenda.
22. The Co-Chairs noted the request. However, the agenda item was not opened during the meeting.

### **Agenda item 3: Adoption of the report of the twentieth meeting of the Board**

23. The Co-Chairs opened the agenda item and drew the attention of the Board to the report of B.20 as transmitted to the Board on 9 August 2018 in document GCF/B.20/26 titled “Report of the twentieth meeting of the Board, 1 – 4 July 2018” for a two-week review period.
24. As no substantive comments on the report had been received from Board members during the review period, the document had been sent to the Board on 28 August 2018 with a view to adoption at B.21.
25. They opened the floor for comments.
26. A Board member expressed a wish to adopt the report, only commenting on its length.
27. The Co-Chairs invited the Board to take note of the document.
28. There being no further comments and no objections, the Board took note of the report of B.20.

### **Agenda item 4: Board decisions proposed between the twentieth and twenty-first meetings of the Board**

29. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/Inf.17 titled “Board decisions proposed between the twentieth and twenty-first meetings of the Board”, which details the decisions proposed between B.20 and B.21 as at 26 September 2018.
30. They informed the Board that as at 17 October 2018 four decisions had been approved between meetings. These decisions had been included in the document circulated for this agenda item.
31. The Co-Chairs stated that a further seven proposed decisions had been transmitted to the Board but were objected to. These were the following:
  - (a) “Status of approved funding proposals: extension of deadline in respect of FP020 (Sustainable Energy Facility for the Eastern Caribbean)”;
  - (b) “Status of approved funding proposals: extension of deadline in respect of FP030 (Catalysing private investment in sustainable energy in Argentina – Part I)”;
  - (c) “Implementation matters relating to the GCF’s obligations under the accreditation master agreement”;
  - (d) “Appointment of the Executive Director ad interim”;

- (e) “Selection process for the appointment of the Executive Director of the Green Climate Fund Secretariat”;
  - (f) “Travel costs of eligible developing country Board members and alternate members of the Board attending the GCF Private Investment for Climate Conference and the GCF Global NDA Conference”; and
  - (g) “Establishment of the ad hoc Committee to commence the selection process for the appointment of the Executive Director of the Green Climate Fund Secretariat”.
32. The Co-Chairs said that this situation underlined the urgency for the Board to deal with the Executive Director selection process as well as the governance issues related to decision-making in the absence of consensus and decisions taken without a Board meeting. Several of the decisions proposed between meetings were very time critical and had, in two cases, resulted in funding proposals lapsing due to the inability of the Board to reach consensus.
33. They invited the Board to take note of the document.
34. A Board member welcomed new Board members and alternate Board members (a welcome echoed by several other Board members during the discussion of this agenda item) and noted that in the case of FP020, according to the Rules of Procedure in the case of an upheld objection by a Board member, the matter would then be brought to the next Board meeting. This project was very important for small island developing States (SIDS) in the Caribbean. It was necessary for the Board to recognize that it was not always possible for small States to do things as quickly as larger ones and requested that the Board grant the proposed extension of the deadline for this funding proposal. While respecting the reasons given by those who objected, this Board member stated that if this was not granted, GCF would be hurting those it was meant to support. The Co-Chairs requested that the Board member in question put their objection on record and indicated that the Board continue with its agenda.

### **Report to the Board**

35. The Co-Chairs asked the Board if they could take note of the report.
36. There being no objections, the Co-Chairs took it that the Board wished to do so.
37. Therefore, the Board took note of document GCF/B.21/Inf.17 titled “Board decisions proposed between the twentieth and twenty-first meetings of the Board”.
38. The Board took note of the circumstances relating to the approval of the between Board meeting decision proposed in document GCF/BM-2018/14 titled “Status of approved funding proposals: Extension of deadline in respect of FP020 (Sustainable Energy Facility for the Eastern Caribbean)” ), including the need to apply paragraph 43 the Rules of Procedure of the Board, and that such circumstances should not be considered as a precedent.
39. The Board took note of the circumstances relating to the between Board meeting decision proposed in document GCF/BM-2018/15 titled “Status of approved funding proposals: Extension of deadline in respect of FP030 (Catalyzing private investment in sustainable energy in Argentina – Part I)” (limited distribution) and that the decision had been objected to during that prescribed period and that objection had been upheld, and therefore that the between Board meeting decision proposed had not been adopted and the Board approval for funding proposal 030 was no longer effective.

### **General comments**

40. The Co-Chairs then opened the floor for general comments. An extensive discussion ensued ranging from the broader matter of decision-making between meetings (to be addressed

by the Board in more depth under agenda item 8(b) titled “Outcome of Co-Chairs consultations: guidelines on decisions without a Board meeting”) to issues relating to procedures in case of lapsed funding proposals, the extent to which rules should be adhered to and should or should not be waived to take account of specific circumstances as well as specific comments on the several decisions that had been objected to (two relating to extensions to deadlines for FP020 and FP030, another related to accreditation master agreements (AMAs) as well as the selection of the Executive Director, the appointment of an Executive Director ad interim and travel costs for Board members and alternate members to attend two GCF conferences).

### **Accreditation master agreements**

41. On the proposed decision titled “Implementation matters relating to the GCF’s obligations under the accreditation master agreement”, the Co-Chairs tasked a small group consisting of Mr. Ignacio Lorenzo and Mr. Chris Tinning to consult and explore alternatives to address this matter. Later, on the final day of the meeting, the group reported back that following consultations with the World Bank, an accredited entity (AE), and the Office of the General Counsel (OGC), the matter was further clarified. The group stated that there was no need for a Board decision on this matter and the negotiations will continue.

42. The Co-Chairs duly noted the matter and no decision was required.

43. While there was overlap around the different topics under discussion, for clarity those relating specifically to FP020 and FP030 are grouped below.

### **FP020 and FP030**

44. In addition to the first Board member who intervened, many Board members expressed support for the granting of an extension to the deadline for this funding proposal. Points made included:

- (a) That this was an important project for the country concerned, benefiting 500 million people;
- (b) The project had been scrutinized by the Board;
- (c) The importance of GCF involvement in the project, without which external contributions might not be forthcoming;
- (d) The need to distinguish between projects with no future and those, such as FP020, that could produce good outcomes;
- (e) The priority for GCF to support SIDS;
- (f) It was a good mitigation project for the region; and
- (g) That not granting an extension would send a negative message to project developers that, after all the time and money invested, a proposal could simply lapse.

45. However, a Board member who had objected to the extension, questioned the Board’s ability to retroactively reinstate this funding proposal (and FP030) and did not see how the Board would have the authority to retroactively revive a proposal that had lapsed on its own terms. The funding proposals contained conditions that needed to be (1) satisfied or (2) waived. As the conditions were not satisfied and the Board did not waive the conditions, the Board’s approval authority had expired on its own terms. The proposals could, however, be reapproved with new draft text to that effect. On a more general point regarding extension requests, they said it was important for there to be a mechanism by which to provide information to the AE and civil society organizations (CSO) to understand the decision-making process, and a mechanism for CSOs to intervene between meetings in the context of extension requests.

46. Another Board member objected to the principle of the Board making new rules “on the hoof” to fix lapsed projects. They noted that South Africa had had a lapsed project where 12 months had been set to meet a condition; it had not been met in the timescale, so the project had lapsed. The Board set conditions and deadlines and needed to act responsibly in adhering to decisions made while at the same time being prudent about decisions taken. It should not be a question of whether an individual Board member favoured a particular project.

47. A third Board member said that the Board should take a decision on FP020. Where an objection was raised, the Rules of Procedure allowed a proposal to come back to the Board. The original proposal had been approved by the independent Technical Advisory Panel (TAP) and the Board. The intention of the Board had been that the funding proposal should proceed; Board members merely had to find a way around a technical obstacle that had arisen.

48. In this context, they noted two broader points: (1) the Board needed to establish effective procedures that would be discussed under a later agenda item titled “Policy on restructuring and cancellation”; and (2), in future, the Board must be notified of the lapse of a project that was currently pending. They recalled that it had been a complete surprise when they were notified that FP006 had lapsed. Again, they would be returning to this later in the meeting with the intention, where possible, of reinstating this project.

49. The proposal by this Board member regarding FP020 was supported by several other Board members. Furthermore, one said that all three lapsed funding proposals needed to be implemented somehow. Regarding the policy on restructuring and cancellation, they noted that the Board had discussed this in four Board meetings since July 2017 with no result; it had to act at this meeting. Other Board members also expressed support for the consideration of a policy on the lapsing of approved decisions under the agenda item titled “Policy on restructuring and cancellation”.

50. Another Board member echoed concerns regarding the lapsing of the three projects on procedural, regional and capacity-building grounds. Procedurally, they echoed other Board member’s comments around the need to review the context that had led to the lapse. Regionally, they were concerned because a reduction in regional programming would result if these projects did not move forward. Finally, there was an urgent need for capacity-building in SIDS and therefore it was particularly important to bring back and approve FP020.

51. One Board member wished to address several different points:

- (a) They wished to know why documents for decisions proposed between meetings relating to the two funding proposal extensions were issued on a limited distribution basis. While such an approach was within the Rules of Procedure for confidential matters, they stated that limited distribution documents should be used carefully;
- (b) They requested clarification on the interpretation by the Secretariat of when a project was considered “lapsed” following an extension of time for a condition to be fulfilled. In their view, such a term had no legal basis in the Board’s decisions, either within the Governing Instrument for the GCF or the Rules of Procedure. To their knowledge, there had only been one instance of a “lapsed” decision, recorded at the seventeenth meeting of the Board (B.17) through decision B.17/17, paragraph b. As there was no approved policy on restructuring and cancellation, it was not clear what this “lapsing” meant in legal terms, and, as such, it could become a liability for GCF under the Independent Redress Mechanism. Furthermore, they stated that in other institutions when a decision was being reviewed by a higher authority, the timeline was suspended; this had not been done in these cases; and
- (c) The commitment authority set out in the initial resource mobilization (IRM) document prepared by the Secretariat (document GCF/B.21/33/Rev.01) had been amended to

show that these two projects (FP020 and FP030) would not be implemented. They wished to know why this had been done when the review by the Board was still pending. They requested that time be given to the Secretariat and the AE to resolve the matter.

52. Another Board member took the floor to explain that a significant percentage of the objections had come from them. Firstly, they wished to point out that during the summer months when they had considered this matter, they had clearly stated that they sympathized with the countries involved. Secondly, they noted that most of the funding was in the form of loans, despite the fact that these were poor countries. They wished to clarify that they had not stated an objection. However, the AE had taken a very long time to inform the Board that there would be changes in technologies and other matters. Consequently, the Board member had proposed a six-month waiver until January or February 2019. However, this created a risk that there would be a request by the AE for a second waiver. It was important for the Board to respect its own decisions; AEs were ultimately accountable to the Board. In all these cases, AMAs were in place but disbursements to these countries were less than 10 per cent. It was in this context that the Board member had taken their decision and had asked if the AE could complete the condition if they were granted an extension until 30 September 2018. They had been advised that this was not possible. The Board member said it had not been their intention to object to the project but merely to shorten the time given for the condition to be fulfilled. It was important for the Board not to give free rein to AEs. While the Board talked about mitigation, they wondered what it was mitigating if it waited two years for the implementation of a project. In the future, AEs must provide an explanation to any Board member making a proposal for a waiver as to why they could not meet the proposed time frame. With this caveat, they confirmed that they could support the extension.

53. Regarding FP030, the Board member stated that they had serious objections to it and that there was much at stake. In this case, GCF had accredited an entity in Argentina. The Board had imposed conditions as it was one of its earliest accredited projects. The AE had then decided to establish an autonomous agency with its own juridical personality that had then applied for accreditation. This then raised further questions. Would the new agency be accredited and, if so, how quickly? What would be the status of the existing AMA with the new agency? Would there be further delays? Was the NDA made aware of consequence of a new agency? They supported the project when the original decision was taken and still supported it, but, while the Board regularly discussed governance, they believed that some AEs did not take the Board seriously. This project had lapsed and was not implementable. As such, no decision could be taken.

54. The Co-Chairs invited the General Counsel, Mr. Douglas Leys, to take the floor.

### **Responses from the General Counsel**

55. The General Counsel addressed the queries and comments raised by Board members.

- (a) Limited distribution approach: AMAs, funded activity agreements (FAAs) and extensions of time were always treated on a limited distribution basis. They noted that one of the reasons that this had probably always been the policy was to reduce commercial pressure in the form of external solicitations being applied to Board members;
- (b) Freezing of time when extension of time was applied for: this required a legal interpretation as there was no express provision in the rules. This was a matter of law where, in the absence of express rules, it had to be interpreted to the effect that in the absence of express provisions there was no room to imply such a suspension provision;



- (c) Lapsing: this was the expiration of time. All projects were time sensitive and the relevant time frames had expired. The Secretariat then had no power to extend when the timeline had lapsed. The mechanism for this was for the Board to grant an extension of time. The relevant decisions proposed between meetings were circulated and there were objections. As such, there could be no granting of an extension. The next step was for the matter to come before the Board;
  - (d) Reinstatement: in this context it was not the reactivation or revival of a project but extensions of time. This then had implications. If time were to be extended, the project was then revived; if not, the project lapsed. The Board would have the power to consider the revival of a project although this was not relevant to the current situation. There were consequences to the extension of time. If a project lapsed there could be consequences, such as procurement and contract issues. One important consequence of an extension of time was the commitment authority. Once time had expired and the project had lapsed, then there was no commitment authority for the project. It was important for the Board to consider this as well; and
  - (e) Objections: regarding FP020, the Board member's written communications to the Secretariat were open to interpretation as they included a counter proposal for a three-month waiver instead of one for six months. The Rules of Procedure state that a Board member may object or not. A counter proposal in the context of the Rules of Procedure could only be treated as an objection. The General Counsel noted that there was a later agenda item concerning the modification of rules. While acknowledging that the rules were not perfect, the Board could create additional rules, should it wish, especially for decisions proposed between meetings.
56. The Co-Chairs thanked the General Counsel and once more gave the floor to the Board member in question.
57. The Board member thanked the General Counsel and said that the most important legal point was the question raised by another Board member as to whether the time spent communicating with Board members should be counted as part of the timeline. However, the far more significant matter was why the Board now found itself in the present position. They also raised questions about the role of the Secretariat in following up on the implementation of decisions taken by the Board to approve funding proposals. While the Secretariat presented a valuable status update on the fulfilment of conditions by AEs at each meeting, they wished to know if they raised a "red flag" to AEs when they had two or three months remaining to implement a condition? If there was any doubt, the Board should ensure the Secretariat was granted this power. Furthermore, there should be a written declaration from the relevant country that they had understood the conditions and were able to meet them.
58. The Co-Chairs opened the floor for further comments.
59. Another Board member noted that the Board member had not raised an objection but had merely proposed a different time period that had been interpreted as an objection. They recalled that when there was an objection to an earlier Executive Director selection, the legal advice given then appeared to contradict the current advice.
60. They also reiterated their earlier point that decisions should not be taken based on whether there was support for a project or region. They hoped that the Board would not take a different approach depending on whether the project in question was from a SIDS.
61. Another Board member concurred that what was being discussed was a quite small legal issue and noted that it was inevitable that rules could never be perfect. While it was essential that the Board send a clear message to AEs and NDAs that they could not have a "blank cheque", this was one of the earliest projects with many conditions and therefore required a little extra

time. They echoed the view expressed during an earlier intervention by a Board member that in future the Board needed an early warning about such matters; this might be a one-page report from the Secretariat three to four months in advance. They requested that the Board adopt the decision now and not under agenda item 16 titled “Consideration of funding proposals”.

62. The Board member who had raised several questions of clarification thanked the General Counsel. On transparency, they stated that it was their understanding that this was not an issue of AMA confidentiality but a question of conditions. They noted that these had originally been discussed in a plenary of a Board meeting. On the freezing of a funding proposal, they stated that they had a different opinion to that of the General Counsel. Under the Rules of Procedure, a decision or objection would only be fully considered at the next Board meeting. However, they noted the suggestion from the General Counsel on the need for an explicit freezing mechanism. On commitment authority, they did not see it as a basis for cancellation. The Board could approve an extension if Board members who objected supported it.

63. The Co-Chairs invited the General Counsel to provide further responses.

64. The General Counsel stated that the Rules of Procedure provided instructions on how a project was approved. If the Rules of Procedure did not provide clarity on how an objection was sought, then OGC had to provide a legal interpretation. If there was a counter proposal, OGC had no authority to revise the decision text.

65. In the instance of the objection to an earlier Executive Director selection, OGC had been informed that the issue had been resolved during Co-Chairs’ discussions. As such, having been advised that it had been resolved, the advice given had been consistent.

66. As to rules not being perfect, rules were formulated with a certain intent. Where rules did not cover a situation, it was necessary to interpret them following the principles of statutory interpretation. It would be inappropriate for OGC to read into the rules that which was not expressly covered therein, or where such an interpretation could not be reasonably imported into the rules.

67. During this first discussion, Board members also raised other points within the general context of this agenda item:

- (a) Regarding the lack of Board member participation in GCF events (such as the NDA and private sector conferences), this needed to be resolved for the future. Another stated that they had written to the Secretariat on 12 July 2018 asking if they were eligible to attend but only received a response on 21 September. Why could they not have had a response much sooner? They had been sceptical of the role of the private sector in climate finance, and it would have been valuable to be convinced by attending the GCF private sector event. Separately, the same Board member recalled a structured dialogue in Mali where several Board members could not attend as they had been notified too late of its occurrence. A structured dialogue was planned for the least developed countries (LDCs) and the Board member expressed the hope that that would be funded;
- (b) Urgent decisions were needed on the Executive Director selection and the appointment of an Executive Director ad interim; and
- (c) Several Board members underlined the need for further guidelines on decisions proposed between meetings. While noting that only 4 out of 11 of the proposed decisions had been approved between meetings, an effective mechanism was important to reduce the size of the agenda in formal meetings.

68. The Co-Chairs advised Board members that several of these matters would be addressed under later agenda items. Board members indicated that the Board should consider a process of outreach, particularly in relation to replenishment.



69. The Co-Chairs invited several Board members to lead consultations offline, namely on FP020, FP030 and AMAs.

70. A Board member, noting that they had not seen any of the objections to the decisions proposed between meetings, urged the Board to adopt the draft decisions immediately rather than create more groups.

71. The Co-Chairs asked the Board if they could adopt the three decisions.

72. A Board member stated that they continued to object to the three decisions and confirmed their support for the Co-Chairs' proposal to consult via small groups of concerned Board members.

73. The Board member who had requested that the Co-Chairs put the decisions before the Board said they would not entertain any further negotiations regarding additional conditions for these funding proposals.

74. The Co-Chairs asked Ms. Kate Hughes and Mr. Omar el-Arini to consult on FP020 and FP030. Following further consultation with the named Board members, the Co-Chairs asked Mr. Haarsager, Mr. Jorge Ferrer and Mr. Josceline Wheatley to join the ad hoc working group. Mr. Lorenzo also requested to join the group while at the same time leading separate discussions on the AMA referenced above.

75. The agenda item was adjourned.

## **Part 2**

76. The Co-Chairs reopened the item on the final day of the meeting.

77. They thanked the ad hoc Board working group lead by Ms. Hughes and Mr. el-Arini and supported by Mr. Ferrer, Mr. Lorenzo and Mr. Haarsager.

78. Ms. Hughes, speaking on behalf of the group, informed the Board that the proposed decision had been discussed extensively, and the exceptional circumstances in terms of the decision proposed between meetings had been noted. She stated that, with the approval of the Co-Chairs, group member Mr. el-Arini would take the floor followed by the General Counsel.

79. This was approved by the Co-Chairs.

80. Mr. el-Arini informed the Board that an objection had not been submitted on the funding proposal. The Board member had wished to know if the AE could expedite the process and meet the condition by 30 September. Mr. el-Arini stated that it was their understanding that the Secretariat took what was intended as a counter proposal as a rejection of the proposed decision. Furthermore, they were unaware of any attempt by the Co-Chairs to consult either directly or indirectly with them on the issues per the Rules of Procedure. The Board member said the information provided in document GCF/B.21/Inf.17 titled "Board decisions proposed between the twentieth and twenty-first meetings of the Board" did not accurately reflect what had transpired in this case.

81. They further noted that they shared the Secretariat's view that this case was unprecedented and that the Rules of Procedure did not provide detailed information on how the Board should address such issues. While objecting to the proposed decision on FP030 "Status of approved funding proposals: extension of deadline in respect of FP030 (Catalyzing private investment in sustainable energy in Argentina – Part I)", the Board member reiterated that they did not have an objection to FP020. Mr. el-Arini requested that the Board find appropriate language to cover what must be the first and last time that, having failed to meet a condition, an AE could request a waiver (which was then refused) and then make a further request. The recommendation was for the Board to grant an extension until 29 January 2019.

82. The General Counsel, Mr. Leys, stated that OGC had given a legal opinion based on the material available to them. The Board member concerned had confirmed that it had not been their intention to object to the project, and as such it should not be treated as an objection. Mr. Leys said that lawyers relied on what was written as they could not infer what was in the minds of those involved. In a fluid situation, such as this case, it was necessary for OGC to transmit the details to the Board for consideration. Recapping, the General Counsel reminded the Board that in the light of the explanation from the Board member that it had not been their intention to object, if the Board accepted this explanation, then the situation would change. It then followed that, as what had been communicated in writing had not been intended as an objection, it could therefore not be treated as an objection. As there was no longer an objection on record, the decision, namely to provide an extension to the AE for FP020 to comply with the condition by 29 January 2019, would stand.

83. The Co-Chairs thanked the General Counsel and informed the Board that because of the clarification, no decision was required on FP020. They stated that the Board would move on to consideration of FP030.

84. Another Board member, while asserting that they did not oppose the conclusion of FP020, expressed concern that communications with the Board member had not been more effectively handled. They stated that the matter could have been resolved by simply calling the Board member. The Rules of Procedure were very clear and required the Co-Chairs to deal with any Board member raising an objection.

85. The concerned Board member requested that the decision text and the record of the meeting reflect language to the effect that “this will not constitute a precedent”. Another Board member requested that the Co-Chairs make an explicit ruling that, given there was no objection, the project be deemed approved from July 2018 while noting for the record, as stated by the preceding Board member, that this decision by the Board would not constitute a precedent.

86. The Co-Chairs confirmed that the Secretariat had taken due note of this request.

87. The Board took note of the circumstances relating to the approval of the decision proposed between meetings in document GCF/B.BM-2018/14 titled “Status of approved funding proposals: Extension of deadline in respect of FP020 (Sustainable Energy Facility for the Eastern Caribbean)” and that such circumstances should not be considered as a precedent.

88. As there was no objection to the proposed decision, it was deemed approved between meetings on a no-objection basis and considered adopted by the Board.

89. Later, on the same day, the Co-Chairs reopened the agenda item in relation to a request for an extension to the deadline for FP030. They invited Ms. Hughes to take the floor on behalf of the working group.

90. Ms. Hughes said that the group had discussed the case and agreed that the situation was very different to that of FP020; the decision proposed between meetings had not been approved, the conditions had not been met and the funding proposal had thus lapsed. They noted that, consequently, no further action was needed.

91. The agenda item was concluded.

## **Agenda item 5: Report on the activities of the Secretariat**

92. The Co-Chairs opened the item and introduced two documents:

(a) Document GCF/B.21/21 titled “Report on the activities of the Secretariat”; and

- (b) Document GCF/B.21/21/Add.01 titled “Report on the activities of the Secretariat – addendum: status of accreditation master agreements and funded activity agreements”, which had been transmitted on a limited distribution basis.

93. The Co-Chairs informed that Board that the agenda item would therefore be addressed in two parts. The first part would relate to the report on the activities of the Secretariat before moving onto the status of AMAs and FAAs. The latter would be considered by the Board in an executive session.

94. They invited the Deputy Executive Director, Mr. Javier Manzanares, to take the floor.

95. Mr. Manzanares thanked the Government of the Kingdom of Bahrain for the kind hospitality. The Deputy Executive Director also welcomed observers, NDAs, AEs, participants and CSOs. The report from the Secretariat reflected a very strong push on implementation and also highlighted financial planning and measurements to lift the quality of all GCF projects and programmes.

96. In terms of implementation, over 50 per cent of projects in the portfolio were now under implementation; there were now 39 projects valued at USD 1.64 billion under implementation. This was a considerable improvement compared to B.20 when there were only 26 funding proposals under implementation. In terms of disbursements, GCF was approaching USD 400 million. Disbursements under the Readiness and Preparatory Support Programme (Readiness Programme) had doubled since B.20 to approximately USD 40 million.

97. The Secretariat was also progressing on the implementation of Readiness Programme activities with more than 100 countries benefiting from Readiness Programme support. The Secretariat was also presenting its first annual portfolio performance report at the current meeting.

98. In terms of financial planning and pipeline development, Mr. Manzanares noted that special attention had been paid to implementing Board guidance on financial planning, working to further refine internal project review and clearance processes, and working closely with AEs to bring the highest quality proposals that met the Board’s criteria for balance.

99. The Secretariat had continued to support direct access entities (DAEs) and had held the Direct Access Week in Songdo, Incheon, Republic of Korea.

100. On quality, a range of activities had taken place to heighten the quality of GCF programmes. These included working with the World Meteorological Organization, Climate Policy Initiative and others to build a methodology for climate rationale and to determine how best to articulate this in funding proposals.

101. Progress had been made on communities of practice to leverage top global expertise to inform GCF operation strategies and decision-making. A request for proposal (RFP) was now being implemented to provide technical support to countries with which to develop their country programmes.

102. A second-generation Readiness Programme would be presented at the twenty-second meeting of the Board (B.22), following a recommendation from the Independent Evaluation Unit (IEU).

103. The Secretariat had continued with the structured dialogues, with the third structured dialogue with the Pacific held in Pohnpei, Micronesia (Federated States of) and the first structured dialogue with Eastern Europe and Central Asia held in Dush-Anbe, Tajikistan.

104. The inaugural Global NDA Conference, held the week prior to B.21, was attended by over 650 representatives of more than 85 developing countries. It had been opened and supported

by statements from the UN Secretary General, Mr. António Guterres, and the Governor of California, Mr. Jerry Brown. It was anticipated that there would be many important outcomes.

105. There had also been several challenges:
  - (a) Operating without an Executive Director;
  - (b) Continued requests from countries for a GCF regional presence;
  - (c) Bottlenecks on RFPs that the Board has commissioned;
  - (d) Accreditation reforms; and
  - (e) A growing pipeline and meeting GCF criteria at a time of diminishing resources.
106. Mr. Manzanares said that Board's guidance on financial planning and replenishment would be welcome.
107. The Co-Chairs thanked the Deputy Executive Director for the presentation and expressed thanks on behalf of the Board to everyone at the Secretariat for their hard work. They noted that these efforts were also getting results while the institution was being built.
108. The floor was opened for comments.
109. There being no comments, the Co-Chairs took it that the Board wished to note the report.
110. The report in document GCF/B.21/21 titled "Report on the activities of the Secretariat" was so noted.
111. The second part of this agenda item, "Status of accreditation master agreements and funded activity agreements" (GCF/B.21/21/Add.01) was considered in an executive session.
112. The Board adopted the following decision:

#### *DECISION B.21/01*

*The Board, having considered document GCF/B.21/21/Add.01 titled "Status of accreditation master agreements and funded activity agreements":*

- (a) *Takes note with appreciation of the progress made by the Secretariat in executing accreditation master agreements;*
- (b) *Also notes the text of the accreditation master agreement agreed with the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), as contained in annex I, which marks the changes against the template accreditation master agreement;*
- (c) *Approves the substantive changes in the accreditation master agreement agreed with the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) from the template accreditation master agreement set out in annex II; and*
- (d) *Authorizes the Executive Director to negotiate changes, which are in substance similar to those contained in the accreditation master agreement agreed with the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), to the accreditation master agreements to be entered into with other accredited entities which are similar in nature to the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), without requiring further Board approval in respect of such changes.*

## **Agenda item 6: Reports from Board committees, panels and groups**

113. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/Inf.10 titled “Reports from committees, panels and group of the Board of the Green Climate Fund” and its addendum, Add.01, titled “Reports from committees, panels and groups of the Board of the Green Climate Fund – Addendum I”.

114. The two documents contained reports from the following:

- (a) Accreditation Committee;
- (b) Accreditation Panel;
- (c) Budget Committee;
- (d) Ethics and Audit Committee;
- (e) Independent Technical Advisory Panel;
- (f) Investment Committee;
- (g) Private Sector Advisory Group;
- (h) Risk Management Committee; and
- (i) Ad hoc Trustee Selection Committee.

115. As a time-saving measure, the Co-Chairs stated that they would refer the Board to the published reports of the committees, panels and group. They proposed that the ad hoc Trustee Selection Committee be deliberated upon under agenda item 11, “Matters related to the selection of the Permanent Trustee”.

116. They invited the Board to take note of the information provided in the reports of the respective committees, panels and group.

117. They opened the floor for comments on any of the reports and invited any of the committees, panels or group, wishing to bring a matter to the attention of the Board to do so.

118. The Chair of the Accreditation Committee, Mr. Hans Olav Ibrenk, welcomed the new members of the committee. Mr. Ibrenk informed Board members that a new member needed to be appointed by the Board as Mr. Karma Tshering was leaving the committee. A draft decision was before the Board that proposed that Mr. Jeremiah G. Soka be appointed for the remainder of the current term for members of the Accreditation Committee, starting on the date of adoption of the decision. He requested that this nomination be seconded by the Board.

119. The Co-Chairs asked the Board if they wished to approve the appointment of Mr. Soka.

120. There being no comments or objections, it was so decided.

#### *DECISION B.21/02*

##### *The Board:*

*Appoints Mr. Jeremiah G. Soka as member of the Accreditation Committee for the remainder of the current term for members of the Accreditation Committee, starting on the date of adoption of this decision.*

121. The Co-Chair of the Private Sector Advisory Group (PSAG), Mr. Stefan Denzler, informed the Board that the terms of the group’s private sector experts would expire at the end of 2018. This timescale coincided with the GCF review of Board committees, panels and groups. It was proposed that the Board extend the term of the experts by six months to avoid a gap and to enable the conclusions of the Board review to be considered. The PSAG would provide a draft

decision text. The Co-Chair asked Board members with any concerns to discuss them outside the plenary.

122. The Co-Chairs noted the comments from the Co-Chair of the PSAG.

123. Another Board member raised a matter concerning the participation of alternate members of the Board as members of committees in the absence of their principal members. Where the principal was not available, the situation was clear as the alternate could take the place of the principal. However, there was a potential grey area where the Board member was no longer serving as a Board member. While not an immediate priority for the current Board meeting, they asked that the Secretariat consider this further.

124. The Co-Chairs stated that it would be useful for this to be considered by the Secretariat.

125. A Board member sought clarification on whether the chairs of committees would make short presentations.

126. The Co-Chairs reaffirmed their earlier introduction in which they had explained how they intended to proceed (i.e. referring the Board to the relevant reports).

127. The Board member asked why the Co-Chairs were deviating from past practice and noted that the Ethics and Audit Committee had just completed its sixty-third meeting and an important issue had been raised.

128. The Co-Chairs said that there was a trade-off in using the time available for the meeting on informational items versus decision-making items. This procedure did not preclude anything being highlighted by committees.

129. There being no further comments, the reports from Board committees, panels and groups were duly noted. The ad hoc Trustee Selection Committee would be considered under agenda item 11.

130. On the final day of the Board meeting, the item was briefly reopened by the Co-Chairs.

131. The PSAG Co-Chair informed the Board that a revised draft decision text on extending the terms of the existing external members of the PSAG was being distributed.

132. There being no objections to the draft decision text, it was adopted as follows:

#### *DECISION B.21/03*

*The Board, having considered document GCF/B.21/Inf.10 titled "Reports from committees, panels, and groups of the Board of the Green Climate Fund":*

- (a) *Takes note of the report on activities of the Private Sector Advisory Group as contained in document GCF/B.21/Inf.10;*
- (b) *Also takes note that the current term of existing external members of the Private Sector Advisory Group ends on 31 December 2018; and*
- (c) *Decides, on an exceptional basis and without prejudice to any future decisions of the Board regarding the appointment of external members to the Private Sector Advisory Group, to extend the terms of the existing external members of the Private Sector Advisory Group until 30 June 2019.*

## **Agenda item 7: Reports from the independent units**



133. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/Inf.06 titled “Report on the activities of the Independent Redress Mechanism” and document GCF/B.21/Inf.09 titled “2018 Annual Report of the Independent Evaluation Unit”. They explained that in order to save time the Heads of the respective units would not be requested to provide a summary of the report to the Board. Noting, however, that there was no written report from the Independent Integrity Unit (IIU), they called upon the Head of the IIU to provide an overview of the unit’s activities over the reporting period.

134. The Head of the IIU, Mr. Ibrahim Pam, apologized to the Board for not having a written report available as the unit had been unable to meet the deadline for published documents owing to other work that it been required to undertake. Mr. Pam reported that the unit had developed the Policy on the Protection of Whistleblowers and Witnesses and the Policy on Prohibited Practices, as well as the Anti-money Laundering and Countering the Financing of Terrorism standard. In addition, the IIU hosted the nineteenth Conference of International Investigators from 8 to 12 October 2018 in Songdo, Incheon, Republic of Korea, which was attended by 150 participants from 45 organizations, including a large number of GCF AEs. The unit was still in the process of filling three positions approved by the Board: a Lead Investigator, a Data Analyst and an Integrity Compliance Officer. In developing the Proactive Integrity Review Mechanism to be implemented in early 2019, the IIU had engaged with the World Food Programme, the European Investment Bank and the Asian Development Bank (ADB). The unit was also involved in the negotiation of legal agreements to ensure the inclusion of integrity safeguards. To raise awareness of integrity issues, the IIU actively participated in the structured dialogues organized by the Secretariat with presentations on the fiduciary standards of GCF; it also participated in the peer-to-peer learning session for GCF counterparties. In terms of investigations, the unit had completed three cases and five were ongoing at the time of reporting. During the first quarter of 2018, no complaints were reported; three cases were reported in the second quarter; and eight in the third quarter.

135. The Co-Chairs thanked the Head of the IIU for his presentation and opened the floor for comments on the oral report from the IIU or on the written reports from the Independent Redress Mechanism and the IEU.

136. Highlighting the importance of building a learning institution in order to achieve impacts in vulnerable communities, a Board member welcomed the findings of the evaluations carried out by the IEU on the Readiness Programme and the results management framework. They called for these findings to be used to target countries’ needs more effectively so that GCF could meet its obligations with respect to the Paris Agreement (UNFCCC decision 1/CP.21) by providing efficient access to financial resources, in particular to LDCs and SIDS.

137. Underlining that the meeting was the only opportunity for the Board to interact with the Heads of the independent units, a Board member noted with regret that only one of the Heads was provided an opportunity to make an oral report. The Board member did not wish a precedent to be set whereby such important presentations were sacrificed in the interests of saving time; the Co-Chairs could not assume that all Board members had read the reports given the large number of Board documents.

138. The Co-Chairs said that they were constantly working to improve the effectiveness of the Board. The point was well made, and they would reflect on this when preparing for future meetings.

139. They invited the Board to take note of the documents.

140. There being no further comments, the Board took note of document GCF/B.21/Inf.06 titled “Report on the activities of the Independent Redress Mechanism” and document GCF/B.21/Inf.09 titled “2018 Annual report of the Independent Evaluation Unit”. The Board also took note of the oral report of the IIU.

141. No decision was taken under this agenda item.

## **Agenda item 8: Report on the activities of the Co-Chairs**

### **(a) Co-Chairs' report, including the implementation of the workplan for 2018**

142. The Co-Chairs opened agenda item 8, "Report on the Activities of the Co-Chairs", starting with agenda sub-item 8(a), the "Co-Chairs' report, including the implementation of the workplan for 2018". They drew the attention of the Board to document GCF/B.21/Inf.14 titled "Report on the activities of the Co-Chairs".

143. The report updated the Board on the main activities undertaken by the Co-Chairs from early July to September 2018 and included a report on their engagement with the Adaptation Fund Chair and Vice-Chair on options for further collaboration between GCF and the Adaptation Fund. Noting the presence in the B.21 observers room of the Adaptation Fund Board Chair, Mr. Victor Viñas, and the Adaptation Fund Manager, Mr. Mikko Ollikainen, they extended them a warm welcome on behalf of the Board.

144. The Co-Chairs informed the Board that, as a time-saving measure, they would not repeat the content of the document but, rather, would refer the Board to the Co-Chairs' report.

145. They therefore invited the Board to take note of the information provided in document GCF/B.21/Inf.14.

146. The Co-Chairs opened the floor for comments.

147. There being no comments, the Co-Chairs took it that the Board wished to take note of document GCF/B.21/Inf.14 titled "Report on the activities of the Co-Chairs".

148. No decision was taken under this agenda sub-item.

### **(b) Outcome of Co-Chairs consultations: guidelines on decisions without a Board meeting**

149. The Co-Chairs opened the agenda sub-item.

150. They reminded the Board that by decision B.12/12, the Board had requested 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 the fifteenth meeting of the Board (B.15). By decision B.15/02, the Board extended the mandate given to the Co-Chairs to consult. The Co-Chairs had requested the support of the Secretariat to develop the guidelines for decision-making between meetings. The document was one of those consulted using the online platform. Based on the consultations, and with the support of the Secretariat, a proposed draft decision was presented in document GCF/B.21/23 titled "Guidelines on decisions without a Board meeting, including on funding proposals: Co-Chairs' Proposal".

151. The Co-Chairs opened the floor for comments.

152. Several Board members commended the Co-Chairs for their proposals and there was broad support for the guidelines among Board members. One noted that, as a former Co-Chair, there had been earlier attempts to resolve this matter. Some Board members expressed support for the guidelines in their existing form. Others wished to see changes before they could



approve them. One of those supporting said this would help to ensure the Board meeting agenda did not get bogged down in smaller items.

153. While a number of specific points were raised, two generated more comment, namely:
- (a) The extent to which, as proposed, the scope of the procedure should be widened beyond extraordinary or exceptional; and
  - (b) The proposal that certain types of funding proposals could be considered under the new policy.

## Scope

154. On the first point, one Board member requested the addition of “on an exceptional basis”. Another said the decision should be restricted to “extraordinary” circumstances and proposed that this would mean those that were time bound. A third reiterated that the procedure should still be the exception rather than the rule and expressed confidence that the Co-Chairs would be able to use their judgement in providing guidance as to which decisions were appropriate for decisions proposed between meetings.

## Funding proposals

155. Some Board members proposed removing paragraphs 5 and 6 in annex II to the document, which dealt in paragraph 5 with those funding proposals submitted under the simplified approval process (SAP), including its pilot, and in paragraph 6 with funding proposal values, GCF contributions and risks. Others wished to see them retained, or at least paragraph 5. For one Board member, who wished to see these removed, the rationale was that it was important to consider this matter as part of a comprehensive policy. In the future, it was very likely that the Board would have to move towards taking financial decisions between meetings when there were many more private sector proposals, given the timescales under which the private sector operated. This view was echoed by another Board member. Another welcomed the proposals to streamline Board work but did not wish this option extended to financial decisions. Restricting paragraph 6 to category C projects only was the request of another Board member. A Board member thanked the Co-Chairs for seeking to operationalize important decisions from the Governing Instrument; for the SAP, this was particularly important. At the eighteenth meeting of the Board (B.18) in Cairo, Egypt, the Board had taken a decision to operationalize a pilot scheme under the SAP. However, while the pilot scheme would remove many of the obstacles in the process for smaller-scale projects, it could no longer be described as a “simplified” approval process if it then got bogged down with the independent TAP and Board. The importance of simplified approval procedures and enhanced readiness support, particularly for LDCs and SIDs, in the context of their national climate strategies and plans, was a requirement of the Paris Agreement. The Board needed to design a process that set certain timelines during which comments could be received, including by CSOs. Another Board member who supported the retention of paragraphs 5 and 6 stated that in the light of Board discussions on the two-stage approval process, this was the place to work through different types of projects coming forward.

156. Another Board member opined that the Board was conflating two Board mandates, one from B.17 and the other related to the SAP. They stated that the two mandates must be separated. The topic under consideration should comply precisely with the Rules of Procedure. With regard to the SAP, they suggested that perhaps it would be wiser to wait until the Board had more experience and then they could review it when the aggregate amount of approvals under the pilot scheme of USD 80 million had been reached.

157. Noting that the document on decision-making in the absence of consensus excluded decisions proposed between meetings, they wondered what the implication would be if there was no possibility of asking questions of the independent TAP.

158. More specifically, one Board member requested amending paragraph 6 to include the Co-Chairs as well as the Secretariat.

### Specific points

- (a) Alternate members: one Board member requested that alternate members of the Board be included, citing the fact that when decisions were taken in a shared physical space, such as the boardroom, the alternate members of the Board were present. However, with respect to the online space, it was not clear if a Board member was available or not and, if not, whether the alternate member of the Board could engage with the decision and present an objection, which, if not resolved, could remain. This was supported by another Board member, while a third said that an alternate member of the Board should only participate through their principal but that they would not block consensus;
- (b) Active observers: one Board member said that if funding proposals up to the limits defined and SAPs were approved between meetings, CSOs would have no public input; and this was essential. This view was echoed by other Board members;
- (c) Transparency: a Board member said that full transparency of the process was important. In that regard, only if the matter was strictly confidential should documentation be transmitted on a limited distribution basis. In all other cases, the decision should be published on the GCF website. Another Board member proposed that the identities of those Board members objecting to a decision proposed between meetings should be disclosed;
- (d) Negotiating between meetings: a Board member stated that the process could not be used to open new negotiations. Once an objection had been registered, the decision would be considered at the next Board meeting with no further negotiations between meetings;
- (e) Deadline extension: in the case of an objection to the extension of a deadline for a project condition to be met, to prevent any future confusion, the same Board member said that timelines would be suspended, and the decision would be carried forward to the next Board meeting;
- (f) Objections: furthermore, the Board member said that the current text in annex III to document GCF/B.21/23 was not sufficiently clear on the definition of an objection. Another Board member noted that the guidelines only addressed written material. It was also important to have the option of oral discussions and for these to be summarized and circulated both in terms of the objections and working through them. Others also wished for further work to enhance how objections were dealt with;
- (g) Resolution deadlines: a Board member suggested that it would preferable not to state a fixed timescale for the resolution of issues. At the same time, the Co-Chairs should outline a timescale and, at every step of the process, clearly communicate the status of outstanding issues to Board members; and
- (h) Communication protocols: a Board member requested that a provision be inserted that Board members should acknowledge receipt of the draft decision. If this was not done there would be no evidence that it had been received, given that mass mailings may be processed as spam or might disappear owing to server problems. It was dangerous to

assume a decision had been adopted when several Board members might never have received it.

## Other comments on annex II

159. Following the initial round of comments, the Board member who had noted the importance of decisions proposed between meetings for SAP, stated that it was indeed true that the review of the SAP pilot was imminent. They were confident, even though they would no longer be a Board member, that colleagues on the Board would ensure a positive review and that this would then be a good time to address their point regarding decisions proposed between meetings.

160. The Co-Chairs thanked the Board for a rich discussion and invited the CSO active observer to take the floor.

161. The active observer for CSOs said that decision-making between board meetings should not be the norm and should be limited to procedural and extraordinary items, with procedures in place to solicit CSO feedback for distribution to the Board and Secretariat, which could then be integrated into revised decisions. They expressed thanks to Board members who supported this approach.

162. While appreciating that the draft decision clearly stated that decisions should be disclosed in line with the GCF Information Disclosure Policy (IDP), they requested that the decision should also specify that active observers should receive copies of decisions proposed between meetings. Paragraph 41 of the Rules of Procedure stated that they “shall be provided to active observers for their information, unless otherwise determined by the Board”. Moreover, this disclosure should not be withheld due to the absence of a policy on ethics and conflicts of interest for active observers.

163. They welcomed the proposal to adopt guidelines for the types of decisions to be considered between meetings, as was envisioned in paragraph 42 of the Rules of Procedure. However, they expressed several concerns.

164. The option of approving funding proposals between meetings should be limited to certain types of projects, specifically smaller ones that entailed little to no social and/or environmental risk. They echoed the views of those Board members who had suggested that maybe a decision along these lines was premature for GCF. If the Board proceeded with the proposed draft decision, civil society wished to see this limited to funding proposals of the “micro” scale (USD 10 million maximum, regardless of the GCF contribution) with risk category C only, for instance, during an initial pilot phase. Experience as documented by the Secretariat should be considered by the Board when discussing a potential extension and expansion of the process. This applied to SAP as well.

165. Secondly, civil society had grave concerns regarding the transparency of the process as outlined in the document should the Board decide to include decision-making on funding proposals between meetings, even in a limited form or on a pilot basis. Specifically, while the decision stated that the public would be provided with information regarding the funding proposals forwarded to the Board, there was no specification of how stakeholder feedback would be incorporated into the review process; a mere “for your information” basis would not be sufficient. Therefore, active observers should be informed at the same time as the Board and given the same period to provide comments to be shared with the entire Board.

166. Thirdly, civil society wished to seek further clarification from the Secretariat in instances where the Board decided to approve proposals with additional conditions (as had been the case for most of the previous funding approvals). Would the Secretariat incorporate them into the approval decision and publish a new version of the proposal with conditions that

would also be shared with active observers, or instead would the proposal be forwarded to the next Board meeting?

167. Finally, regarding objections, the observer said that it was positive that the decision attempted to lay out clear guidelines to remove uncertainties on how to move forward with decisions proposed between meetings that had received objections. However, unlike decisions made at Board meetings, which were public in nature, this proposal appeared to indicate that all individual objections and efforts to lift objections would only become public to other Board members: 1) after their resolution; 2) upon a revised decision being proposed between meetings; or 3) when deemed to be suitable for consideration at the next Board meeting. These objections should be shared, as received, with Board members and active observers.

168. The Co-Chairs thanked the observer and asked the representatives of the Secretariat to process the interventions by Board members and report back the following day.

169. The agenda sub-item was adjourned.

170. On the final day the Co-Chairs reopened the item and asked two Board members, Mr. Ibrekk and Mr. Ali'ioaiga Feturi Elisaia, who had been tasked with consulting on the matter, to report back.

171. Speaking on behalf of Mr. Feturi, Mr. Ibrekk said that there had been extensive consultation and much progress had been made. There were still a few matters to resolve, but they were confident that they would be able to bring a text back to the Board that would have broad consensus.

172. The Co-Chairs thanked the group and asked that they report back as soon as possible with a conclusion.

173. The item was adjourned.

174. The item was not reopened.

175. No decision was taken under this agenda sub-item.

### **(c) Outcome of Co-Chairs consultations: decision-making in the absence of consensus**

176. The Co-Chairs opened the agenda sub-item. They reminded the Board that the Governing Instrument required the Board to develop procedures for adopting decisions in the event that all efforts at reaching consensus had been exhausted. The Co-Chairs had been mandated to consult with Board members and develop options for decision-making in the absence of consensus by decisions B.12/11 and B.15/02. They had summarized the results of their consultations with the support of the Secretariat in document GCF/B.21/12 titled "Decision-making in the absence of consensus: Co-Chairs' proposal", which had been distributed via email in advance of the meeting and uploaded to the PleaseReview™ platform for consultation. Underlining that a decision on the matter would be historic for GCF, they opened the floor for comments.

177. In the ensuing discussion, the draft decision received the broad support of Board members, who also agreed on many of the principles around both consensus decision-making and decision-making in the absence of consensus. Despite this broad agreement, ultimately no decision was taken at the meeting.

178. Many Board members underlined that the establishment of a procedure to adopt decisions in the absence of consensus was long overdue and an important priority at the meeting. Several Board members said that it would be an important achievement for Board

members whose terms were coming to an end. Drawing on historical and mythological stories about Bahrain that suggested it was possible to achieve things in the country much more quickly than elsewhere, one Board member expressed the hope that the Board would be able to reach a decision at the meeting that had eluded it over the previous few years. Several Board members highlighted the fact that a procedure was required by paragraph 14 of the Governing Instrument. One Board member said that achieving consensus was not always realistic, given the divergent views of Board members. Several Board members pointed out that voting systems were ubiquitous in a variety of organizations. One Board member underlined that using majority-based voting was practised in similar institutions to GCF, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, where it had not precluded or hindered attempts to achieve consensus as the decision-making norm. Several Board members underlined that the very existence of a procedure for adopting decisions in the absence of consensus would act as an incentive to reach a compromise. One Board member spoke of their experience on several Boards of international institutions that had such procedures but had never used them; on these Boards a lack of consensus sometimes led to gridlock. Two Board members pointed to the fact that the lack of a decision on the matter presented a governance issue. One of these members emphasized that adopting a decision on the matter would help GCF to play an effective and transformational role in the landscape of philanthropic organizations. Another Board member said that the issue had become symbolic for GCF and reaching a decision would underline the organization's status as a functional and credible institution.

179. One Board member expressed caution both in comparing GCF to other funds that were more mature and in taking a decision in order to send a signal to GCF stakeholders at the expense of clarifying key aspects of the decision-making mechanism. Two Board members said that it was important to ensure that all Board members accept the approach that would be adopted.

180. Several Board members pointed to specific issues that had arisen because of the lack of a decision-making mechanism when consensus could not be reached. Most notably, Board members stated that it had prevented the Board from achieving its core business and had led to delays in projects being approved. A Board member said that lengthy discussions on Board matters often led to decisions that were difficult to understand and implement. A Board member noted that the practice, encouraged by the Co-Chairs, of Board members raising concerns and having them recorded while not standing in the way of the adoption of a decision had been effective on many occasions; they regretted that this was not the case at this Board meeting.

181. Underlining that in the current approach, any Board member could effectively veto a decision, a Board member advised caution in devising a new mechanism as they would be surrendering this "veto". Another Board member said that giving up this "veto" was a sign of good faith in the Board. Two Board members underlined that whatever system was adopted, it should be simple and transparent. One of these expressed the view that any decision-making mechanism should be effective and accelerate the Board's business; it should help the Board to become more cohesive. A Board member said that they supported a system that did not favour a divide between developing and developed countries.

182. Several Board members welcomed the proposal of the Co-Chairs, notwithstanding a number of concerns and requests for amendments. One Board member asserted that it represented a fair compromise between proposals made in the past. Two Board members suggested that the decision might be seen as the first step of several in establishing a new mechanism. Underlining that adopting a new approach was a significant upheaval for the Board, one of these Board members proposed a two-year pilot phase for the Co-Chairs' proposal, after which the Board could assess whether or not it functioned well. They suggested applying the procedure only to specific time-sensitive decisions such as accreditations, project approvals and



dates and venues. Several other Board members suggested that since approvals of funding proposals were based on financial considerations, these did not require a consensus of the Board; policy matters, on the other hand, had an influence on GCF operations. They suggested that these differences also be reflected in the definition of a majority for decisions that were put to a vote. Another Board expressed the view that funding proposals were, in practice, policy setting.

183. Underlining the wording used in a provision of the draft decision text, several Board members emphasized that adopting decisions in the absence of consensus should always be a last resort for the Board, with one Board member describing the procedure as the “nuclear option”. In this regard, two Board members underlined the wording used in the Governing Instrument that “all efforts” should be exhausted before resorting to an alternative approach.

184. Several Board members pointed to potential problems that might arise under the proposal to give the Co-Chairs the responsibility to determine when “all efforts” at reaching consensus had been exhausted. One Board member said that there was no guidance in the document on this process, and, given that the Co-Chairs of the Board rotated, each pair of Co-Chairs would adopt their own approach. Noting that the Co-Chairs were given too much scope under the proposal, a Board member suggested that clearer guidelines be provided on the situations in which voting might be called for. If it were not possible to agree on these guidelines, the Board member was, however, willing to leave the decision in the hands of the Co-Chairs. Another Board member called for the Co-Chairs to be required to explain how they had determined that all efforts to reach consensus had been exhausted. A further Board member maintained that the Co-Chairs could not be given the responsibility to decide when to put a decision to a vote on the basis that according to the Rules of Procedure this competence resided with the Board. Given that the Co-Chairs could therefore only request a vote, the Board member pointed out that it was unclear what would happen if one or more Board members objected to a vote.

185. Several Board members said that the Co-Chairs should be accorded the responsibility of deciding when to call for a vote in line with the proposal made in the document. Noting that the Co-Chairs acted in the best interests of the constituencies on the Board, one Board member said they could accept that the Co-Chairs be accorded the responsibility of determining when a consensus could no longer be reached. They underlined, however, that this decision must be made in an open and transparent way. Another Board member opined that the Co-Chairs acted in the interests of the whole Board. Stressing that Board members should place confidence in the Co-Chairs, another Board member said that the latter should not be required to give reasons for their decision to call for a vote. Expressing their disapproval for an explicit rule determining when to move a vote, another Board member noted the importance of the Co-Chairs listening very carefully to Board members to ascertain whether or not consensus could still be reached.

186. Another Board member noted with concern that other aspects were missing from the Co-Chairs’ proposal, such as the determination of the urgency of the decision in question, the impact that not adopting a decision would have and the way in which the responses to these would be implemented.

187. Two Board members said that they could not accept a voting system that was based on the level of contribution made by the country that the Board member represented. One Board member said that the proposal of introducing such a system had so far prevented a procedure on decision-making in the absence of consensus from being adopted. Two other Board members said that in the interest of compromise, they were willing to forego their national position to weight votes based on contribution levels. Another Board member highlighted that this kind of voting system did not form part of the proposal under discussion; they expressed their appreciation for the fact that this approach was no longer being suggested and had opened up the discussion and the possibility of a decision by the Board. Several other Board members

spoke in favour of a one member, one vote system. In the spirit of one Board, one GCF, a Board member stated a preference for a two-thirds majority of the full Board but was willing to support the Co-Chairs' proposal.

188. Several Board members supported the threshold proposed by the Co-Chairs, according to which a decision would be considered approved unless more than one-third of Board members from either constituency objected to the decision. A number of Board members suggested differing definitions for a majority in the voting system. Several members proposed that the number of members voting in favour of a decision be used as the basis for establishing the majority, as opposed to the number voting against the decision as proposed by the Co-Chairs in the document. One of these Board members suggested using a majority of two-thirds but said that they would not object to the proportion defined in the document. Another Board member said that they had been surprised by the novelty of the proposal to use a negative majority threshold and had submitted a counterproposal in advance of the meeting; they noted that this reaction may have been hasty but did not withdraw their proposal.

189. Two Board members expressed the desire to use a system that did not distinguish between the two constituencies but said that they would accept the approach proposed in the document. Another Board member underlined that many chairs in the developed country constituency were members of various multilateral forums and that their interests were therefore often more aligned than those in the developing country constituency; in their view, the proposed voting arrangement therefore gave rise to the possibility that the interests of small numbers of developing countries would not be met by the Board.

190. Another Board member proposed that before proceeding to a vote, Board members objecting to the decision should be given the opportunity to consult with the Co-Chairs in private rather than stating their opinions publicly.

191. A Board member maintained that the principle of equal treatment and balance across the constituencies should be respected. Another Board member said that this principle was supported by the proposal.

192. The Co-Chairs stated that previous instances of voting in the Board had taken a collegiate cabinet approach. After voting, the decision text had been put to the Board so that it could adopt the draft decision by consensus.

193. A Board member requested that in the voting system – with the exception of executive sessions – ballots be cast in a transparent manner and the positions of Board members be clearly stated. They supported the proposal contained in the document that the procedure should not apply to decisions proposed between meetings.

194. A Board member requested clarification on how vacant Board seats would be dealt with in a voting system and noted that the issue was not addressed in the document.

195. Another Board member suggested that the Governing Instrument could be interpreted as providing for a one member, one vote decision-making mechanism; they asserted their right for such a system to be adopted. They also expressed the view that it was difficult to reach a consensus on decisions and project approvals due to the lack of time available at Board meetings and the lack of clear eligibility criteria for funding proposals.

196. One Board member noted that in the past the Board had had recourse to voting on the two decisions related to the selection of the Executive Director and the selection of the GCF host country. They maintained that these were some of the most important decisions undertaken by the Board. On these occasions, a decision based on the result of a vote had been adopted by the Board by consensus. While the Board member was not opposed to introducing a formal voting mechanism, in the minority of cases where consensus could not be reached, they did not see a need for a formal mechanism and called for the Board to continue the practice applied in the

past. Recognizing that this system was also not clear on the point at which the Board should move to a vote, the Board member maintained that the procedure had the advantage of not distinguishing between the two constituencies and asked the Board whether there were objections to retaining that procedure.

197. Another Board member supported the proposal to use the voting procedure applied in the past. Underlining the fact that Governing Instrument did not specifically require the alternative to consensus-based decisions to be based on a voting system, the Board member also called for other options to be considered. They suggested that Board members could be invited to record reservations in the meeting report or in the decision itself; alternatively, a vote could be held on a particular issue within a decision. They underlined that each member should have only one vote and that the opportunity should be given to members objecting to decisions to explain their objections both before and after the vote was taken, on the basis that this could lead to a consensus being reached. Another Board member maintained that decisions had not been taken in the past not because of a lack of consensus but because the Board did not have enough time to discuss the decisions, or because the issues were complex and funding proposals were lacking in quality. The Board member said that they were willing to use the Co-Chairs' proposal as a basis for a procedure but that it needed further consideration. A further Board member suggested an alternative to the proposal, that a standing committee be established to resolve issues that had not achieved support by consensus.

198. Acknowledging that they had not been a member of the Board when the decisions regarding the selection of the GCF host country and the selection of the Executive Directors had been taken, a Board member said they believed that these were ad hoc decisions and that an agreement on a voting system would provide clarity.

199. The Board member who had proposed retaining the mechanism used previously, maintained that it had not been ad hoc. They said that by not formalizing that procedure, the Board would put into question the decisions taken regarding the selection of the Executive Directors and the GCF Headquarters host country. Highlighting that under the Co-Chairs' proposal, key decisions could be taken that were not supported by one third of Board members, they stressed the importance of establishing Board consensus after a vote had been taken, as had been practised in the procedure used previously. They further requested clarification as to the approach that would be taken under the Co-Chairs proposal if a vote were to be split equally. The Board member also questioned the need to introduce a system that the Board did not intend to use and further highlighted that the Global Environment Facility (GEF) had such a system but did not use it precisely because it was contribution based. They reiterated the call for clarification on whether the voting procedure used previously by GCF was acceptable to the Board.

200. The Co-Chairs underlined that past procedures were not being judged or deemed unacceptable; the focus was on devising a mechanism for the future that took into account the suggestions put forward around the table, such as with regard to the determination of when voting was necessary. They welcomed the suggestion to establish a consensus after a vote had been taken.

201. Another Board member stated that the system of voting used previously had not been optimal but had been necessary. They underlined that alternatives to consensus-based decision-making should be avoided for all matters except for operational decisions on the basis that, under voting systems, individual members could more easily defer their decision-making power to their national governments, thus politicizing the work of the Board and reducing the incentive for Board members to reach decisions. They expressed the view that the Co-Chairs' proposal could be improved in order to limit the scope of the application of voting-based decisions.



202. With reference to the difficulty of determining when to move to a vote, a Board member observed that the discussion under the current agenda sub-item might be considered an example of where all efforts to reach a consensus had been exhausted. They described the mechanism that had been used previously by the Board as “periodic” rather than “ad hoc” and underlined the need for a neutral decision-making mechanism that would break discursive gridlocks and help to build confidence. They underscored their support for the Co-Chairs’ proposal, commenting that not only did many Board members support a resolution on the matter but that many GCF observers did as well.

203. Another Board member said that the procedure taken to reach decisions on the selection of the Executive Directors and the host country had been effective for those purposes. They did not, however, support the use of that system for funding proposals. They supported the proposal to clarify the scope of application of the voting system proposed by the Co-Chairs, while noting broad approval among Board members for that proposal.

204. An active observer for private-sector organizations (PSOs) stressed that it was very important that the Board adopt a procedure on decision-making in the absence of consensus on the basis that clear and consistent decision-making informed interactions with current and future partners. They underlined their support for the Co-Chairs’ proposal and read an extract from an open letter from the Climate Markets and Investment Association that also expressed support for the mechanism.

205. Underlining that the matter had been left unresolved at several previous Board meetings, an active observer for CSOs urged the Board to agree on a procedure at the current meeting. They echoed the points raised by Board members regarding the provision in the Governing Instrument, the widespread adoption of such mechanisms in other organizations, their function in incentivizing consensus building and the importance of not linking voting rights to contribution levels.

206. The Board member who had called for the consideration of the voting procedure used in the past said that no one on the Board had expressed an objection to the adoption of a mechanism for decision-making in the absence of consensus. They highlighted that there was merely disagreement regarding certain details of the Co-Chairs’ proposal, such as whether consensus should be established after a vote had been taken and whether the use of the mechanism should be restricted to certain types of decisions.

207. Noting that the achievement of compromise might be better served by introducing a voting mechanism than by a system in which every decision was effectively subject to the veto of individual Board members, the Co-Chairs underlined that they had also noted in their consultations before the meeting that the Board was close to agreement. They further noted that the Board discussion under this agenda item had been extremely rich. The Co-Chairs tasked Ms. Ray, Mr. Cyril Rousseau and Mr. Ferrer with creating a balanced proposal based on the suggestions made, the proposal in the Board document and the counterproposal submitted by one Board member in advance.

208. The item was adjourned.

209. The Co-Chairs reopened the agenda sub-item on the final day of the meeting and asked Mr. Rousseau to report on the results of consultations that had taken place on the margins of the meeting.

210. Mr. Rousseau reported that there was no agreement from Board members on the document. He observed a general sense of frustration that the Board had not reached an agreement on this, which meant that key policy matters had not been addressed. In his view, adopting these policies formed the core business of the Board; the approval of funding proposals involved ensuring that funding flowed to recipient countries in line with these

policies. The lack of guidance from the Board affected AEs and also limited access to GCF. Furthermore, it made it more difficult to prioritize climate action, given the needs of other government entities. The search for a full consensus on every issue was very costly for GCF. He urged the Board to adopt a decision on the matter so that the newly appointed Board members would not inherit the same challenges that the current Board had faced.

211. A Board member clarified their reservations with regard to the voting system proposed by the Co-Chairs. They explained that while it did not appear to weight voting rights on the basis of financial contributions to GCF, given that seats on the Board were defined according to prior established mechanisms relating to contributions under the UNFCCC, the one member, one vote system within the context of the Board was not, in fact, equitable. They said that under such a system some members of the Board could vote on the basis of their representation of one country, while others voted on the basis of consultations with a number of countries. The system did not therefore reflect a UN one country, one vote procedure. They said that they did not feel comfortable with adopting a decision on the matter.

212. Another Board member expressed optimism at the progress made towards reaching a decision on the matter at the current meeting. They requested that the work that had been done in the consultations on the basis of the Co-Chairs' proposal and the counterproposal be retained and used as a basis for the work of new Board in 2019.

213. Mr. Rousseau and Ms. Ray agreed as members of the working group that the work done in the consultations should be kept and used as a foundation for future discussions. Ms. Ray reported that notwithstanding disagreements in some areas, progress had been made and clear options identified. Mr. Rousseau expressed deep regret that the new Board would be obliged to reopen the same discussion. He further reported that there was no consensus within the drafting group on whether the proposals could be included in meeting documentation given that they were presented as proposals for discussion rather than options.

214. The Co-Chairs underlined the need to capture the results of the discussions that had taken place for future use.

215. Mr. Rousseau reported that a document was not yet ready to be shared but that the drafting group could produce a text that could be annexed to the report and circulated to the constituencies.

216. The Co-Chairs requested that the working group produce such a text.

217. The item was suspended.

218. No decision was taken under this agenda sub-item.

## **Agenda item 9: Workplan of the Board for 2019**

219. As the Co-Chairs were opening the agenda item, a Board member requested the floor to formally request that the Co-Chairs adhere to the daily programme and that any deviation from the order of agenda items be highlighted to Board members. They wished to ensure that there was consistency for the remainder of the meeting between the daily programme and the agenda as adopted.

220. The Co-Chairs confirmed that this was their approach.

221. Another Board member expressed support for the Co-Chairs' policy of adhering to the original work programme.

222. Following these interventions, the Co-Chairs drew the attention of the Board to document GCF/B.21/16 titled "Workplan of the Board for 2019".

223. The Co-Chairs invited the Board to adopt the draft decision in annex I to the document and opened the floor for comments.

224. A number of themes emerged in the ensuing initial discussion as follows:

### **Workplan scope, ambition and priorities**

225. Several Board members made broad comments about the scope, ambition and priorities of the workplan. One Board member said that they were supportive of the proposed workplan, which was, however, quite actively focused on policy development. Bearing in mind the stark warning from the IPCC regarding the need to limit global temperature increases to 1.5 °C, it was paramount not to lose sight of the importance of a strong GCF replenishment rather than concentrating excessively on regulation. The Board needed to focus on promoting the work of GCF to core stakeholders; a perfectly regulated fund with no money was of little value in helping the world to tackle climate change.

226. Another Board member reflected that it was always important for the Board to consider what was realistic, the workplan being a part of the Board's responsibility. What percentage of the workplan currently presented was carried over from previous years? Was it good governance to keep shifting items from one year to the next? Emphasis should be on the content of the workplan, what was past practice and the advice provided by the Secretariat as to what was realistic. It was only within this broader context that the Board should consider the appropriate number of Board meetings per year.

227. Another Board member echoed the view that the Board regularly failed to complete its workplan. The Board did not sufficiently rationalize or prioritize matters in the workplan and the sequencing of work was not in line with Board mandates. They opined that the current workplan did not articulate how the Board would transition from the IRM process to the first formal replenishment. Neither did it sequence the process of moving from the initial strategic plan into a new strategic plan. The Board member recommended that the Co-Chairs revise the workplan for B.22 reflecting comments made at B.21.

228. The Secretary to the Board, Ms. Carolina Fuentes, advised Board members that the review of the strategic plan and the formal replenishment were matters that would be discussed by the Board at B.21 under agenda item 19, "Arrangements for the formal replenishment of the GCF", and that these would be reflected in the updated workplan in line with the decisions that the Board would take.

229. The Board member who had raised this point noted that while GCF was in its "initial" resource mobilization period, the Board adopted what were described as "initial" policies. Now, GCF needed to transition to "policies". This needed to be reflected in the workplan.

230. Regarding the rationalization of the Board's consideration of items in the workplan, the Secretary to the Board reminded Board members of the Secretariat's work programme (document GCF/B.21/19), where recommendations had been made based on the Secretariat's experience in supporting the Board. The Secretariat had recommended that the Board:

- (a) Consider developing a multi-year Board workplan that would allow for items to be spread over a longer period of time;
- (b) Implement decision B.18/12, paragraph (e), which mandated the Secretariat to compile for each Board meeting a consolidated document for all information reports. This would help in slimming down the agendas for Board meetings; and
- (c) Adopt guidelines for decision-making between meetings that would allow for an increased number of items to be presented to the Board between meetings.

## **Number of Board meetings**

231. Several views were expressed about the number of Board meetings. Some favoured the current status quo of three Board meetings, while one Board member wished to see the number reduced to two. The latter noted that the workplan assumed three when the Board had not formally agreed to it. Furthermore, they said that with many replenishment meetings running in parallel, it was important to be realistic.

232. The Co-Chairs stated that the number of meetings would be discussed under agenda item 29, “Dates and venues of meetings of the Board in 2019”. They explained that, in accordance with previous practice, they would take stock of decisions taken at the current meeting and, in consultation with the Secretariat, incorporate them into the workplan following each Board meeting.

233. The Secretary to the Board informed the Board that consultations prior to B.21 pointed to a preference among Board members for three meetings but that, as noted by the Co-Chairs, this would be formally considered under agenda item 29.

234. The Board member who had stated a preference for two Board meetings in 2019 opined that it seemed premature to take a decision on the workplan before the discussion under the later agenda item. They suggested to either defer it or approve the workplan while leaving open the number of meetings until later in the meeting.

235. Another Board member stated that they strongly opposed cutting Board meetings to two, especially given that the Board had consistently failed to get through its business in three meetings. This would open the door to more decisions being tabled between meetings where the opportunity of having a dialogue among Board members would be lost; such face-to-face dialogue was critical, given the state of development at GCF. This view was echoed by another Board member who also stated that initially the Board held four meetings a year. Two Board meetings would render the Board non-operational, and the Board member urged Board members to consider this carefully.

## **Matters which Board members wished to see brought forward in the workplan**

236. One Board member stated that there was a lack of continuity across the environmental and social management system (ESMS), environmental and social safeguards (ESS) and IDP. When the IDP had been adopted, the Board had requested the Ethics and Audit Committee to review the policy once the ESMS policy had been developed. They said it was time for this review and requested that this item be considered at B.22.

237. The Secretary to the Board stated that the IDP was scheduled for the twenty-fourth meeting of the Board (B.24) but noted the request to bring it forward to B.22.

238. Following the initial discussion, the Co-Chairs suggested deferring discussion on the workplan until the number of meetings had been addressed.

239. A Board member cautioned against this proposal and reminded Board members that at B.15 a Board workplan had not been approved. As had been stated earlier in the discussion, the workplan was a living document that was regularly updated after each Board meeting.

240. The Co-Chairs stated that the draft decision requested them to update the workplan following each Board meeting.

241. The Co-Chairs invited the active observer for CSOs to take the floor.

242. The observer reminded Board members that the review of the participation of observers and the related guidelines had been carried over for two years and urged the Board to consider these in 2019 and not carry them over to 2020.

243. The observer also stated that the ESS should be considered first and urged that these be dealt with in early 2019, so these could be taken into consideration in the process to review [the first batch] of AEs for re-accreditation.

244. The Secretary to the Board confirmed that the proposed approach to developing the GCF ESS was in the suggested Board workplan slated for B.22.

245. The Co-Chairs asked the Board if they could approve the draft decision as presented.

246. A Board member, who had raised concerns regarding the number of meetings, stated that they would be willing to approve the workplan on the basis that it could be adjusted later. However, they proposed that it would be better in future to schedule the workplan later in the agenda.

247. The Co-Chairs took it that the Board wished to approve the workplan with an update after each meeting.

248. The Board adopted the following decision:

#### *DECISION B.21/04*

*The Board, having considered document GCF/B.21/16 titled “Workplan of the Board for 2019”:*

- (a) Approves the workplan of the Board for 2019, as set out in annex III;*
- (b) Requests the Co-Chairs to update the workplan following each meeting of the Board;*
- (c) Decides to defer consideration of the following matters and requests the Secretariat, in consultation with the Co-Chairs and the relevant committees, panels and groups of the Board, to progress its work on these matters and present these for consideration by the Board in 2019:*
  - (i) The development of the risk management framework and its remaining components requested pursuant to decision B.17/11, paragraph (g);*
  - (ii) Opportunities to engage the private sector, including local actors, in adaptation action at the national, regional and international levels, requested pursuant to decision B.17/06, paragraph (d)(ii);*
  - (iii) The detailed guidelines and procedures for the Independent Redress Mechanism, requested pursuant to decision B.13/24, paragraph (b);*
  - (iv) The review of the live webcasting service for formal meetings of the Board, requested pursuant to decision B.BM-2018/07, paragraph (b);*
  - (v) The proposed approach to developing the GCF environmental and social safeguards standards, requested pursuant to decision B.19/10, paragraph (c); and*
  - (vi) The independent evaluation of the implementation of operational guidelines and the effectiveness of the Project Preparation Facility in order to draw lessons learned no later than the end of the initial resource mobilization period, requested pursuant to decision B.13/21, paragraph (e); and*
- (d) Decides to consider in 2019 a proposal in response to the guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change at its twenty-*

*third session regarding privileges and immunities, requested pursuant to decision B.19/02, paragraph (d).*

## **Agenda item 10: Selection of the Executive Director of the independent Secretariat**

249. The Co-Chairs opened the agenda item and invited the Board to consider the decisions relating to the Executive Director that had been proposed between B.20 and B.21 but which had received objections. They drew the attention of the Board to the following documents: GCF/BM-2018/18 titled “Appointment of the Executive Director ad interim”, which had been transmitted to the Board on 13 July 2018; GCF/BM-2018/21 titled “Selection process for the appointment of the Executive Director of the Green Climate Fund Secretariat”, which had been transmitted to the Board on 3 August 2018; and GCF/BM-2018/24 titled “Establishment of the ad hoc Committee to commence the selection process for the appointment of the Executive Director of the Green Climate Fund Secretariat”, which had been transmitted to the Board on 3 October 2018.

250. The Co-Chairs invited the Board to adopt the draft decision contained in annex I to GCF/BM-2018/18 relating to the appointment of Mr. Manzanares as the Executive Director ad interim of the Secretariat.

251. There being no objections, the decision was duly adopted.

252. A Board member expressed their gratitude to the newly appointed Executive Director ad interim for their recent work in guiding the Secretariat since B.20 and invited the participants of the meeting to join them in congratulating him on his new appointment.

### **Documents GCF/BM-2018/21 and GCF/BM-2018/24**

253. The Co-Chairs then turned to the second two documents. They explained that document GCF/BM-2018/21 covered both the composition of the ad hoc Executive Director Selection Committee and the administrative arrangements, including details on the selection process, timelines and terms of reference of the independent executive search firm. Following consultations between the Co-Chairs and the Board, it had been decided that the Co-Chairs would participate in the committee, not in their capacity as Co-Chairs but as Board members. Document GCF/BM-2018/24 had therefore been drafted to supersede the first document inasmuch as it referred to the composition of the committee. However, the first document was still under discussion because of the administrative arrangements described in it; these had not been included in the second document. The Co-Chairs opened the floor for comments.

254. Noting that in the past the Board had appointed candidates from outside the Secretariat, an outgoing Board member urged the committee to consider selecting current employees. In particular, the committee should consider the Secretariat’s very competent “first officer” who had worked closely with the Board to build GCF over a long period of time; it was also good practice for an institution to promote existing staff.

255. Another Board member requested more time to consider the two documents before coming to a decision.

256. The Co-Chairs noted the comment. They proposed to defer consideration of GCF/BM-2018/21 to give Board members the opportunity to study its contents and invited the Board to adopt the draft decision in annex I to document GCF/BM-2018/24, which related only to the selection committee and not the administrative arrangements.



257. Several Board members said that there was some confusion in the presentation of information across the two documents and requested that this be clarified before the Board discussed the decisions. One Board member said that they could not adopt the draft decision in GCF/BM-2018/24, highlighting that the wording in paragraph (f), which stated that the Co-Chairs were “members of the Executive Director Selection Committee by virtue of being Co-Chairs of the Board”, as it did not rectify the problem that had been identified in document GCF/BM-2018/21. The same Board member indicated that they were also opposed to paragraph (e), according to which new Board members were to succeed their predecessors on the committee. While this reflected established practice, it was not appropriate at the current time given that the Board was coming to the end of its three-year term and Board members from some constituencies had not yet been nominated. Another Board member stated that they also objected to the inclusion of paragraphs (e) and (f) on legal grounds; in addition, they voiced their opposition to paragraph (g), which stated that the work of the committee would continue “notwithstanding that there may, at any particular time, be no or only one Co-Chair of the Board who has been elected by the Board”, on the basis that this would establish a new precedent.

258. Noting that the confusion around the documents had arisen owing to the manner in which the matter had been handled between meetings, one Board member proposed the drafting of two documents: one of these would cover the selection of the members of the ad hoc committee and its terms of reference, whereby only the latter would contain the names of the members of the committee. The other document would deal with further aspects of the selection process for the Executive Director. They requested the advice of the Secretariat on whether GCF/BM-2018/21 could be used as the basis for this second document.

259. Other Board members said that the selection of the Executive Director was an urgent matter. Recalling informal consultations that had taken place at B.20, one Board member said that they had understood that the Board would use the same procedure as had been used for the recruitment of the previous Executive Director. They were surprised to learn that this proposal was unacceptable to some Board members. Another Board member expressed support for the use of the terms of reference that had been used for the previous Executive Director Selection Committee and proposed that the Board engage the same recruitment firm as in the previous process by means of single-source procurement. Observing that the two Executive Directors who had so far served the Secretariat had been a banker and a politician, the Board member encouraged the Board to consider the advantages and disadvantages of differing professional backgrounds for the role.

260. Reminding the Board that the lack of an Executive Director was detrimental to GCF, the Co-Chairs urged the Board to make a quick decision.

261. A Board member agreed that the matter was urgent but underlined that GCF had already been served by two Executive Directors over a relatively short period. They therefore appealed to the Board not to make a hasty decision. Recalling that the previous Executive Director had left the position for personal reasons, another Board member maintained that both past selection processes had been successful. They were therefore confident that the Board could come together to make a swift and appropriate decision.

262. The Co-Chairs joined the Board members in their support for an expeditious but appropriate solution, in particular given the upcoming replenishment process. With this in mind, they called on Mr. Roelof Buffinga and Mr. Lorenzo to lead consultations on the margins of the meeting with the support of the Secretariat to produce two new documents, building on the previous documents and taking into account the views expressed. One of these new documents would cover the establishment of an ad hoc selection committee and the other would only cover the remaining procedural issues.

263. Another Board member expressed the view that the decision should not be deferred to B.22 in February 2019. They urged the Board to set a deadline for the appointment of the new Executive Director and suggested that this be before the twenty-fourth session of the Conference of the Parties (COP 24) to the UNFCCC in Katowice, Poland, on 3–14 December 2018. In order to avoid a decision proposed between meetings, they proposed that an intersessional meeting of the Board be held at COP 24 and that the decision be adopted there, assuming that enough Board members were in attendance to constitute a quorum.

264. The Co-Chairs welcomed the proposal to hold a meeting at COP 24, underlining that this would prevent the decision from being deferred to the newly composed Board in 2019.

265. The agenda item was suspended.

266. The Co-Chairs reopened the agenda item on the final day of the meeting and noted that a new version of the draft decision and annexes had been circulated to the Board. They invited the Board members who had led the consultations that had taken place on the sidelines of the meeting to present the amendments.

267. On behalf of the ad hoc working group, Mr. Buffinga took the Board through the updated text, which was based on document GCF/BM-2018/21, highlighting that the time allocated to procure the recruitment firm had been shortened in order to allow more time for the search for candidates. They underlined that the current document represented standard procedures and encouraged the Board to adopt the draft decision.

268. The Co-Chairs thanked the Board members who had worked on the document and invited the Board to adopt the draft decision.

269. While none of the Board members expressed an objection to the draft decision and its annexes, several comments and suggestions for changes were made.

270. Referring to paragraph (g) of the draft decision, which requested the Co-Chairs for 2019 to propose a decision between meetings for the appointment of Board members to the Executive Director Selection Committee, a Board member requested that the phrase “after taking office” be replaced by “upon election to the Board”. They explained that there might be a delay between these two events. Another Board member asked whether this request was consistent with the timeline presented in annex III and whether it took into account the new constitution of the Board at the beginning of 2019. A further Board member also requested clarification on the timeline of events, suggesting that if the Co-Chairs were elected in 2018 it would be premature for them to guide the process. It would therefore be more appropriate to retain the current wording given that the Co-Chairs would not take office until the new year. The Board member who made the initial request to amend the text in paragraph (g) explained that the Co-Chairs would not be elected until the new term of the Board had begun at the start of 2019. They therefore reiterated their request, underlining that the phrase “after taking office” was unclear from a legal perspective.

271. Acknowledging that paragraph 6 of annex I on the terms of reference of the Executive Director, which dealt with remuneration, had been drawn from previous selection processes, a Board member noted the very broad salary range suggested by the analogy with a Vice President of the World Bank. They proposed that the salary indication be made more specific. A Board member who had helped formulate the terms of reference for the previous selection process explained that the salary had been set at the entry level. Another Board member asked if the paragraph was consistent with the proposal for new salary scales for Secretariat staff.

272. A Board member suggested that the reference in annex I to a “performance framework” could be replaced with a reference either to the proposed performance oversight committee to be considered under agenda item 14, “Work programmes and budgets for the independent units for 2019”, or to decision B.17/12 and its annex (which included a table of competencies,



objectives and outputs), which was to be used in the performance appraisal of all Board-appointed officials.

273. A Board member asked if the requirement to elect two Co-Chairs of the selection committee, as stipulated in paragraph 6 of annex IV to the draft decision, could pose a problem given that the organ would also comprise two active Co-Chairs of the Board. Another Board member who had served as Co-Chair during the selection process for the previous Executive Director informed the Board that, although they had been members of the selection committee, they had not participated in its decisions. It was important to maintain a distinction between their role as members of the committee and their role in facilitating the decision-making of the Board.

274. The Co-Chairs thanked the Board members for their comments and invited Mr. Buffinga to respond to them.

275. Speaking on behalf of the ad hoc working group, Mr. Buffinga expressed appreciation for the suggestions of the other Board members. In paragraph (g) of the draft decision, he confirmed that the text “after taking office” would be replaced with “upon their election by the Board”. Regarding the role of the Co-Chairs, they may also be members of the committee. In terms of the proposal to amend the paragraph referring to remuneration, Mr. Buffinga suggested that the current paragraph would provide flexibility to the committee in meeting the salary expectations of the preferred candidate. Hearing no objections, the Board member proposed to amend annex I to include a reference to decision B.17/12 and its annex.

276. The Co-Chairs thanked the ad hoc group for their excellent work and invited the Board to adopt the draft decision, noting that the proposed amendments to paragraph (g) of the draft decision and paragraph 8 of annex I would be made prior to the decision’s publication in the report of the meeting.

277. A Board member requested that the final text with the amendments be circulated for consideration before adoption.

278. The Co-Chairs requested the Secretariat to prepare the final text.

279. The item was suspended.

280. The Co-Chairs reopened the item later in the evening and invited the Board to adopt the draft decision.

281. There being no further comments or objections, the Board adopted the following decision:

#### *DECISION B.21/05*

*The Board, having considered the limited distribution document GCF/BM-2018/18 titled “Appointment of the Executive Director ad interim”:*

- (a) Appoints Javier Manzanares to act as Executive Director ad interim of the Secretariat effective immediately and until such time as the new Executive Director appointed by the Board has taken office;
- (b) Authorizes the Co-Chairs to agree, on behalf of the Board, on arrangements, as appropriate, with the Executive Director ad interim, including:
  - (i) A performance agreement that will specify the outcome and behaviours expected for the duration of the role;

- (c) *Decides that the Executive Director ad interim shall assume the functions and have the mandate of the Executive Director as provided for in the Governing Instrument for the Green Climate Fund and Board decisions; and*
- (d) *Further decides the Executive Director ad interim will not be precluded from applying for the Executive Director position.*

282. The Board also adopted the following decision:

*DECISION B.21/06*

*The Board, having considered the limited distribution document GCF/BM-2018/21 titled “Selection process for the appointment of the Executive Director of the Green Climate Fund Secretariat”:*

- (a) *Adopts the terms of reference of the Executive Director of the Green Climate Fund Secretariat as set out in annex IV;*
- (b) *Also adopts the selection process for the Executive Director of the Green Climate Fund Secretariat as set out in annex V;*
- (c) *Takes note of the indicative timeline of the entire process for the appointment of the Executive Director of the Green Climate Fund Secretariat as set out in annex VI;*
- (d) *Establishes the Executive Director Selection Committee as an ad hoc committee of the Board in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;*
- (e) *Adopts the terms of reference of the Executive Director Selection Committee as set out in annex VII;*
- (f) *Appoints as members of the Executive Director Selection Committee:*
  - (i) *Ayman Shasly*
  - (ii) *Cyril Rousseau;*
  - (iii) *Josceline Wheatley;*
  - (iv) *Karma Tshering;*
  - (v) *Lennart Båge;*
  - (vi) *Omar El-Arini;*
  - (vii) *Paul Oquist; and*
  - (viii) *Sue Szabo;*
- (g) *Requests the Co-Chairs of the Board for 2019 to promptly, upon their election by the Board, and following consultations with their respective constituencies, propose a decision for approval between meetings for the appointment of members to the Executive Director Selection Committee following the commencement of the third term of Board membership;*
- (h) *Decides to engage the services of an independent executive search firm to support the Executive Director Selection Committee;*
- (i) *Authorizes the Secretariat, notwithstanding the administrative guidelines on procurement, to issue the request for proposal for the independent executive search firm in accordance with the deadlines set out in annex VI;*

- (j) *Endorses the terms of reference of the independent executive search firm as set out in annex VIII;*
- (k) *Approves a budget increment for 2018/2019 for the selection of the Executive Director of the Green Climate Fund Secretariat, including the costs of the independent executive search firm as set out in annex IX (limited distribution); and*
- (l) *Authorizes the Executive Director Selection Committee to engage the services of the independent executive search firm, with due observance of applicable procurement rules.*

## **Agenda item 11: Matters related to the selection of the Trustee**

283. The Co-Chairs opened the agenda item and drew the attention of the Board to the report of the ad hoc Trustee Selection Committee in document GCF/B.21/Inf.10/Add.01 titled “Reports from committees, panels and groups of the Board of the Green Climate Fund – addendum I”. The report made a recommendation for Board consideration.

284. It invited Mr. Zaheer Fakir, Chair of the ad hoc Trustee Selection Committee, to take the floor.

285. Mr. Fakir informed the Board of the work of the committee and its recommendation that the International Bank for Reconstruction and Development (IBRD, i.e. the World Bank) be the final nominee for Board approval. Consequently, it recommended that the Secretariat negotiate a contract in accordance with the approved terms of reference with the World Bank under the direct contracting method of procurement as set out in the procurement guidelines. The ad hoc Trustee Selection Committee also sought guidance from the Board on whether it might be terminated since it had completed its terms of reference.

286. The Co-Chairs thanked the committee for its excellent work in bringing the matter to a conclusion. Several other Board members, including other members of the committee, echoed these remarks.

287. During the ensuing initial discussion, several specific points were raised including:

- (a) The use of the term “Permanent Trustee” when the World Bank had explicitly stated that the term may not be permanent but of four years with a renewable duration. The Board would need to consider this carefully, as the agenda item under consideration was the selection of a “Permanent” Trustee;
- (b) The importance of being very precise regarding the terms of reference for the World Bank. The original terms of reference had then been revised at the nineteenth meeting of the Board (B.19); it was essential to use the latest version;
- (c) The need for clarification on the implications for the amount allocated in the 2019 administrative budget for the Interim Trustee;
- (d) The need for the Secretariat to begin contract negotiations with the World Bank for a four-year renewable term; and
- (e) The need for a Board decision.

288. The Co-Chairs invited a representative of the Secretariat to respond.

289. The Executive Director ad interim informed the Board that the budget question would be addressed under a later agenda item. He confirmed that it was in line with what was expected from the World Bank.

290. The Co-Chairs asked the Secretariat to prepare a draft decision and adjourned the agenda item.

291. On reopening the item, the Co-Chairs invited the Secretariat to inform the Board on the details of the draft decision.
292. The Executive Director ad interim outlined the elements of said decision.
293. In the discussion that followed, the question of the adjective “permanent” was further discussed. One Board member stated that this was not correct as the World Bank would not be acting as the Permanent Trustee but the Trustee for a four-year period. They requested that the draft decision be amended to show that the Board took note of the fact that the World Bank had communicated that it would be acting as the Trustee for a period of four years. This was important as GCF would be negotiating the terms of reference for a Permanent Trustee. Another proposed instead that the adjective remain but be put in inverted commas. They also expressed thanks to the many Board members who were no longer current Board members who had worked on this matter. Finally, thanks were expressed to Secretariat staff member Mr. Juichiro Sahara.
294. Regarding the terms of reference, which had been revised for an earlier Board meeting (B.19), another Board member said that there remained the matter of whether the World Bank was prepared to engage on the revised terms of reference. If this was not the case, it would merely be an extension of the existing arrangement. This would require consideration by the Secretariat.
295. The Board member also stated that the Board needed, for transparency purposes, to articulate to the COP how it had arrived at its decision and the process followed. GCF had been mandated by UNFCCC decision 3/CP.17, paragraph 16, to select a Permanent Trustee in an “open, transparent” process. The selection process had not been performed in this manner and it was important that the reasons that the Board did this be communicated to the COP.
296. The Chair of the ad hoc Trustee Selection Committee informed the Board that the details regarding the selection process followed by the committee had been transmitted to the Secretariat. This could be used for the communication by the Secretariat to the COP.
297. The Co-Chairs asked the Secretariat to confirm that this would be captured in the next GCF update to the COP.
298. The Executive Director ad interim informed the Board that this would be included.
299. The Co-Chairs requested that the text of the draft decision be amended to reflect the discussion regarding “permanent” and adjourned the agenda item.
300. After reopening the agenda item, the Co-Chairs asked the Executive Director ad interim to inform the Board on changes to the draft decision text.
301. The Executive Director ad interim stated that the only change was the insertion of inverted commas as follows: “Permanent Trustee”.
302. There being no further comments or objections, the decision was duly adopted as follows:

#### *DECISION B.21/07*

*The Board, having considered document GCF/B.21/Inf.10/Add.01 titled “Reports from committees, panels and groups of the Board of the Green Climate Fund – Addendum I”:*

- (a) *Takes note of the report on the activities of the ad hoc Trustee Selection Committee as contained in document GCF/B.21/Inf.10/Add.01;*
- (b) *Selects and appoints the International Bank for Reconstruction and Development as the Trustee of the Green Climate Fund, subject to paragraph (c) below, and in accordance with*

*the recommendation of the ad hoc Trustee Selection Committee and United Nations Framework Convention on Climate Change decision 9/CP.23, paragraph 16;*

- (c) *Requests the Secretariat to enter into direct contracting with the International Bank for Reconstruction and Development and to negotiate and finalize the terms and conditions of the legal and administrative arrangements with the International Bank for Reconstruction and Development in respect of its role as Trustee of the Green Climate Fund in accordance with United Nations Framework Convention on Climate Change decision 9/CP.23, paragraph 16, and the terms of reference of the “Permanent Trustee” as set out in decision B.19/03, annex I, and in a manner which ensures there is no discontinuity in trustee services;<sup>2</sup>*
- (d) *Authorizes the Executive Director to execute on behalf of the Green Climate Fund the legal and administrative arrangements with the International Bank for Reconstruction and Development referred to in paragraph (c) above;*
- (e) *Requests the Secretariat to provide an update to the Board on the matters referred to in paragraphs (c) and (d) above at the twenty-second meeting of the Board; and*
- (f) *Decides, in accordance with paragraph 5 of its terms of reference, to terminate the ad hoc Trustee Selection Committee established by decision B.16/05.*

303. Following the adoption of the decision, the Co-Chairs reiterated their thanks to the ad hoc Trustee Selection Committee for resolving a long-standing and, at times, contentious issue. This decision represented an important step for GCF.

## **Agenda item 12: Review of the effectiveness of the committees, panels and group established by the Board: status update**

304. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/Inf.15 titled “Review of the effectiveness of the committees, panels and group established by the Board: status update”. They reported that a Secretariat procurement evaluation committee had been constituted on 28 September 2018 to review technical proposals submitted by firms offering to conduct the review. After an extended period of competitive bidding, two proposals had been received. Following the technical and financial evaluation of the proposals, the contract would be signed by 31 October 2018. The review would take between 9 and 11 weeks. The Co-Chairs opened the floor for comments.

305. The Board took note of document GCF/B.21/Inf.15 titled “Review of the effectiveness of the committees, panels and group established by the Board: status update”.

306. No decision was taken under this agenda item.

307. Under this agenda item, a Board member proposed the establishment of a new committee to manage the Heads of the independent units and the Executive Director (Board-appointed officials). For coherence, this discussion is recorded under agenda item 14, “Work programmes and budgets of the independent units for 2019”, where the matter was further considered by the Board.

## **Agenda item 13: Secretariat matters**

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<sup>2</sup> The Co-Chairs wish to clarify that the period of the Trustee is for four years, beginning the first day after the legal agreement entered with the International Bank for Reconstruction and Development becomes effective.

## (a) Report on the execution of the administrative budget for 2018

308. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.21/14 titled “Report on the execution of the 2018 administrative budget of GCF as at 31 July 2018”.

309. They invited the Board to consider and adopt the draft decision in annex I to the document, thereby taking note of the report on the execution of the 2018 administrative budget of GCF as at 31 July 2018.

310. The floor was opened for comments.

311. A Board member raised several points including:

- (a) A request to move to two Board meetings a year instead of three;
- (b) The importance of the Secretariat continuing to contain travel costs using virtual meetings where possible as well as economy fares; and
- (c) Noting that most increases in costs were minimal, asked for clarification on why the budget requested an 18 per cent increase to cover staff costs when staff growth was just 9 per cent, from 230 to 250 members.

312. The Co-Chairs stated that they would return to the question raised by the Board member.

313. There being no further comments, the Board adopted the following decision and thereby took note of the report:

### *DECISION B.21/08*

*The Board, having considered document GCF/B.20/14 titled “Report on the execution of the 2018 administrative budget of GCF as at 31 July 2018”:*

*Takes note of the report on the execution of the 2018 administrative budget of GCF as at 31 July 2018.*

## (b) Work programme and administrative budget for 2019

313. The Co-Chairs introduced the agenda sub-item and drew the Board’s attention to document GCF/B.21/19 titled “Work programme of the Secretariat for 2019 and administrative budget”.

314. They invited representatives of the Secretariat to introduce the document.

315. The Executive Director ad interim presented the work programme of the Secretariat for 2019. The Secretariat had prepared five fund-level goals for 2019 that built on the Secretariat’s 2017/2018 goals while incorporating an additional focus on activities and priorities that had emerged based on the evolution of GCF operations.

316. Mr. Manzanares further highlighted the priority areas for the Secretariat for 2019, including replenishment. He also outlined the expected projections of approvals and disbursements by the end of 2019, noting that disbursements were cumulative. He informed the Board that a breakdown of Readiness Programme support, national adaptation plans (NAPs), the SAP, the Project Preparation Facility (PPF), REDD-plus and mobilizing funds at scale (MFS) were summarized separately.



317. Finally, the results management framework for 2019, including the 33 key performance indicators were presented.

318. The Executive Director ad interim asked the Division of Support Services (DSS) Director/Chief Financial Officer (CFO) ad interim to present the administrative budget.

319. The DSS Director/CFO ad interim informed the Board that the administrative budget consisted of the Board budget, Secretariat budget and the Interim Trustee's budget. The draft 2019 budget proposed an increase of USD 9 million over the 2018 budget. Approximately 77 per cent (USD 6.9 million) of the proposed increase related to the cost of the additional Secretariat staff positions approved by the Board at B.18. The remaining amount of the USD 2.1 million increase consisted of USD 0.1 million for Board expenditures, USD 1.7 million for the Secretariat non-staffing budget, and USD 0.3 million for the Interim Trustee.

320. The proposed 2019 Secretariat budget showed an increase of USD 8.6 million over 2018. Of that increase, staff and consultancy costs accounted for USD 6.6 million. Staff cost increases were estimated at USD 6.9 million. It was assumed that 230 staff would be on board by the end of 2018 and 250 by end of June 2019. The 2019 budget continued the trend of reducing consultancy costs. Specifically, the proposed 2019 consultant's budget of USD 2.6 million showed a reduction of USD 0.3 million, or 12 per cent, against the 2018 budget and a reduction of USD 2 million, or 44 per cent, against 2017 actual expenditures.

321. Professional service firms were budgeted under the line item contractual services. The professional firms helped the substantive work programme in areas where it was more efficient to hire outside assistance than it was to procure full-time staff.

322. The communications budget was USD 1.6 million. Communication efforts would focus firstly on raising awareness, encouraging support and promoting collaboration among key GCF stakeholders; secondly, it would focus on communicating the implementation of activities and the impact of projects and programmes.

323. Staff travel was budgeted at USD 2.7 million, compared to 2018, an increase of 3 per cent in absolute terms. However, on a per staff basis, the 2019 budget represented a decrease of 15 per cent and 35 per cent over 2018 and 2017, respectively.

324. The Interim Trustee's budget showed an increase of USD 0.3 million, mainly because of the increase in financial and programme management and investment management.

325. The Co-Chairs thanked the Secretariat for the presentations and informed the Board that the budget had been discussed and cleared by the Budget Committee.

326. They opened the floor for comments.

327. Board members explored several themes during the ensuing discussion.

### **Location of Board meetings**

328. This was discussed at some length with several Board members requesting that all Board meetings be held at GCF Headquarters in Songdo. One noted that the Board meetings held in Cairo and Bahrain did not allow time for Board members to undertake a field visit, unlike Samoa, or to see the climate change policies of the country. This meant that the USD 284,000 spent on Secretariat staff travel was not productive; it merely meant the reconstruction of a boardroom in another country. Some of these members wished to see the budget currently allocated to off-site Board meetings reallocated to country visits; this would enable the Secretariat to visit the field more often, and Board members to have a better feel of the realities facing developing countries. Two Board members said that they could support the budget but that this did not imply agreement to meetings outside GCF Headquarters. One of these members

stated that a separate decision should be taken under circumstances where it was proposed to hold a Board meeting off site. Another said that in the early days of GCF, such meetings had been important to raise the image of the new fund but now it had become more professional, that reason was no longer valid. A further Board member said that it was important that the Board did not signal that in order to get a funding proposal understood, a country needed to host a meeting.

329. A number of other Board members stated that off-site Board meetings were extremely valuable and that the benefits for developing countries could not be reduced to numbers in a budget. One Board member said that meetings such as that in Samoa had been valuable in helping the Board to craft policies. They did not share the proposition that somehow the Board knew best what was needed for developing countries. Three of these Board members requested an analysis of the cost differences between off-site Board meetings and field visits. One Board member also stated that if all Board meetings were to be held in Songdo, then all replenishment meetings should also be held there, rather than in European capitals. Furthermore, the costs of the meetings held in Berlin, Germany, and Paris, France, should also be calculated. It was important not to rush a decision on this matter. People often rather glibly said that everything could be done using Wi-Fi and webinars. This had been tried several times, but it underestimated the difficulties for small islands, the African continent and elsewhere in terms of infrastructure challenges, which made such means of holding meetings unrealistic. It also gave the Board exposure to how difficult it was to get a project off the ground in developing countries. They also noted that it was important to keep in mind other costs where it could easily be argued that money was not well spent. The question of on- or off-site Board meetings needed to be addressed in an intelligent manner.

330. A Board member from a country that had hosted an off-site meeting said that they had wished the Board to see the realities of climate change. They had been grateful for the opportunity and said that there was always a considerable risk that remaining locked up in a room in GCF Headquarters, Board members would remain locked in their constituency positions. On the point that off-site meetings were too far for Board members to reach, they observed that this was the reality for many developing country Board members, where it may take two days to reach Songdo. They were convinced that if a Board meeting had not been held in their country (B.15 in Samoa), their funding proposal would not have had the same level of support from Board members. Another Board member said that it was important to understand the circumstances faced by countries, and as such was a capacity-building exercise for Board members. Furthermore, the host country of any Board meeting made a substantial investment and were very generous to ensure such meetings were successful. It was also essential to raise awareness of GCF in all regions. They noted that several Board members had just returned from a World Bank meeting in Bali, Indonesia. They wondered why it was necessary to go to Bali when it could have been held in Washington, D.C., United States of America.

331. A Co-Chair noted that it was important to keep in mind the broader context. GCF needed to be an extroverted institution, outward looking rather than inward looking. The IPCC report had highlighted the need to try to limit global temperature increases to 1.5 °C. In this regard, there was little benefit if the Board remained closeted in the boardroom in GCF Headquarters. It was essential that the Board as a whole networked widely.

332. A Board member expressed concern at the time spent discussing the location of meetings; it seemed that there were constant attempts to change the rules of the game. A decision had already been taken to hold at least two meetings a year in Songdo. They also noted that the Secretariat saved on catering costs and other administrative matters related to holding meetings off site. This needed to be set against additional Secretariat travel costs. They asked that this discussion be closed.

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**Number of Board meetings**

333. A Board member stated that the Board should continue to hold three meetings a year at a minimum.

**Secretariat missions**

334. A Board member thanked the Executive Director ad interim for supporting the Bhutan mission. Such missions were helpful for developing countries in getting the attention of their senior ministers on climate change matters. It was also difficult to ensure all sectors of the economy were informed about GCF. It was therefore helpful if staff reviewing a funding proposal could visit the country as this helped to spread awareness across sectors. In this regard, structured dialogues were very useful.

**Secretariat capacity**

335. One Board member, noting that a key task for the Secretariat during 2019 was to support the replenishment process, wished to know whether the Secretariat would be sufficiently staffed to support three Board meetings and the same number of regional structured dialogues. They said the work programme did not make this clear. They also asked if, given that the number of staff in the Procurement Department had been increased from two to five, this would be sufficient. Currently this was a serious bottleneck for the work of the independent panels and units. Finally, they welcomed the focus in 2019 on implementation and disbursement, and on developing a methodology for the climate rationale dimensions of funding proposals. Another Board member, while commending the Secretariat on its third work programme, which was very comprehensive, also wondered if the Secretariat would be able to fully implement it.

**Trustee**

336. In view of the fact that there would be a new agreement with the Interim Trustee, a Board member asked if this would thus lead to an adjustment to the increase requested in the budget.

**National designated authority support**

337. A Board member welcomed support for NDAs and AEs in outlining the climate rationale of projects so that there could be a clearer picture when considering funding proposals.

**Budget Committee**

338. A member of the Budget Committee stated that it was important that the Board did not micromanage the Secretariat. However, the Budget Committee had raised many questions with them and these had been very valuable. These had included a question as to why the cost of consultants was not reducing more rapidly, but the Committee understood the current circumstances.

**Civil society organizations**

339. The active observer for CSOs expressed appreciation for the detailed work programme and reiterated a request made at a previous Board meeting for a staff directory. They also asked for clarification regarding what the Board was endorsing in terms of the strategic direction of the Secretariat's divisions.

340. The Co-Chairs invited representatives of the Secretariat to respond to the comments.
341. The Executive Director ad interim thanked the Board for the comments and said that the Secretariat had taken due note.
342. Mr. Manzanares confirmed that the Secretariat had the capacity to implement the work programme for 2019. With guidance from the Budget Committee, the budget had been linked to the work programme.
343. He also confirmed that the Secretariat had capacity to support replenishment meetings, Board meetings and structured dialogues, but it was a heavy workload. If the Board decided on three Board meetings in 2019, plus two replenishment meetings, plus the COP, the Secretariat had anticipated a reduction in the number of structured dialogues from eight to five. The time saved could be used to support replenishment meetings. The capacity was sufficient, provided the replenishment budget was approved.
344. Regarding the Board member's comment on the mission to Bhutan, the plan was to have more direct interventions by Secretariat staff in countries next year.
345. The DSS Director/CFO ad interim responded as follows:
- (a) The cost of meetings away from Songdo was around USD 300,000 in staff travel but there were savings as the cost of Board member travel to Songdo was more expensive, and also the host country incurred the cost of the venue, food and other facilities. In total, the cost difference was generally about USD 250,000, depending on the location;
  - (b) The 18 per cent increase in staff costs was due to the fact that in 2018 the average number of staff was 201, while the average number of staff in 2019 would be 240;
  - (c) The budget was indeed a true reflection of the work programme; the work programme and the administrative budget had been linked;
  - (d) The Interim Trustee budget as presented to the Board was expected to remain the same since the principles used in arriving at the budget were unlikely to be impacted by a change in the agreement. If there were any changes, the Board would be informed; and
  - (e) The idea of the staff directory would be considered.
346. The Executive Director ad interim suggested that the Board provide guidelines on meeting locations under agenda item 29, "Dates and venues of the meetings of the Board in 2019", where it was already proposed to address this.
347. There being no further comments or objections, the Board adopted the following decision and thereby took note of document GCF/B.21/19 titled "Work programme of the Secretariat for 2019 and administrative budget".

#### *DECISION B.21/09*

*The Board, having considered document GCF/B.21/19 titled "Work programme of the Secretariat for 2019 and administrative budget":*

- (a) *Recognizes that the work programme will help to guide the activities of the Secretariat during 2019;*
- (b) *Approves the work programme 2019 as contained in document GCF/B.21/19 and the goals and suggested policy priorities set out therein, in accordance with paragraph 23(e) of the Governing Instrument for the Green Climate Fund;*
- (c) *Also approves an administrative budget for the Green Climate Fund for the period 1 January 2019 to 31 December 2019 in the amount of USD 72,568,002, which includes*

*30,278,395 in new funding, as well as USD 42,289,607 for 2019 staff salaries and emoluments that was approved by the Board in decision B.18/12; and*

(d) Further approves USD 48,517,729 for projected staff salaries and emoluments for 2021.

### (c) Revised legal framework on human resources management – code of conduct

348. The Co-Chairs opened the agenda sub-item and drew the Board's attention to document GCF/B.21/07 titled "Revised legal framework on human resources management – code of conduct" transmitted on a limited distribution basis.

349. They invited a representative of the Secretariat to present the document.

350. The representative:

- (a) Informed the Board that the current Human Resources (HR) legal framework was adopted at the eighth meeting of the Board as a temporary measure and had deficiencies, despite decisions to make certain amendments at the twelfth and thirteenth meetings of the Board;
- (b) Informed the Board that the Secretariat was still working on a comprehensive legal framework but decided to present the code of conduct in advance because it was a key document;
- (c) Confirmed that the revised code of conduct resulted from extensive consultation with Board members, Secretariat staff and the independent units. It developed and maintained the obligations and rights of staff. The code also promoted a culture of integrity and good conduct;
- (d) Clarified the gaps that the revised code of conduct sought to fill while confirming that there were no material differences from the existing code of conduct; and
- (e) Sought the Board's approval for the adoption of the code of conduct to replace the relevant sections of the administrative guidelines on human resources (hereinafter referred to as the HR guidelines) (document GCF/B.08/26).

351. The Co-Chairs thanked the representative and opened the floor for comments.

352. Several Board members articulated support for the code. During the ensuing discussion, some Board members also expressed views on the need for a Board code of conduct, in addition to the existing policy on ethics and conflicts of interest for the Board (document GCF/B.09/16). One Board member requested that wording to this effect be inserted into the draft decision. Furthermore, there were questions about how to handle the relationship between the Co-Chairs, their teams and Secretariat staff.

353. One Board member wanted explicit reference to be made in the code to the effect that Secretariat staff would act in a neutral manner in respect to funding proposals. They said that there was evidence that this was not always the case.

354. In relation to the relationship between Co-Chairs and their teams and the Secretariat, another Board member requested that, in the absence of a code of conduct for Board members (separately, they proposed that the Board formally request the Secretariat to develop such a code), for transparency purposes, the regular report on activities of the Secretariat to the Board include an annex listing the requests made by individual Board members and actions taken by the Secretariat.

355. On the code itself, which, among other clauses, required staff to report allegations of misconduct, a Board member asked if it was linked to the policy on the protection of whistle-blowers and witnesses (document GCF/B.21/25). If so, they asked what protections were provided to staff when reporting allegations of misconduct. Another Board member wished to know if the code covered partners, for example, where a staff member had more than one wife.

356. Other Board members responded to the proposal for a Board code of conduct. One, who is also Chair of the Ethics and Audit Committee, noted that this had been requested at a previous Board meeting. All Board members, alternate Board members and advisers had signed declarations under the relevant ethics policies. In the case of active observers, they had signed declarations but the policy on ethics and conflicts of interest for active observers of the Green Climate Fund (document GCF/B.17/17) had not yet been adopted by the Board.

357. Another Board member questioned the need for a code for Board members given there were already Rules of Procedure. They also wondered how any further code could be implemented in practice when it came to the relationship between the Co-Chairs' teams and the Secretariat. It might be difficult to differentiate what could be perceived as "interference" with mere requests by Board members, or alternate Board members, for information. Would the Secretariat refer each request to the Board? In addition, there was no definition of a Co-Chair's "team". The Rules of Procedure did not define the role of the Co-Chairs and their teams and the conduct they should follow. It was always important to adhere to the principle that the Secretariat was an independent body and should be trusted by the Board. Staff should be encouraged to be forward-looking and confident, providing that they adhered to the code.

358. The Co-Chairs asked the representative of the Secretariat to respond to the comments from Board members.

359. The representative from the Secretariat provided the following responses:

- (a) There was a relationship between the policy on the protection of whistle-blowers and witnesses and the Staff code of conduct, and staff were protected when reporting allegations of misconduct;
- (b) The revised code covered any person dependent on the staff member; and
- (c) While it was not possible to describe every eventuality, paragraphs 4 and 5 of the code captured issues such as those raised concerning staff neutrality in the context of country funding proposals. These paragraphs included, for example, reference to staff members "serving as models of integrity" (para. 4.6(a)) and to them taking decisions "based on relevant facts, observations and assessments, regardless of internal or external pressures" (para. 4.6(d)). Under paragraph 5.1, in the context of the international status of GCF, it was noted that staff shall "exercise the utmost discretion in regard to official matters particularly those matters that may adversely affect the GCF or its reputation". Furthermore, paragraph 5.2 states that "In the discharge of their functions, Staff members owe their duty only to the GCF and to no other authority".

360. The Board member who had expressed concerns on this matter, requested a form of language that would state that staff shall adhere to policies established for the Secretariat, the objectives of GCF and the GCF results areas when assessing funding proposals; staff must not pressure entities to change funding proposals.

361. The Co-Chairs asked the representative to respond to the Board member.

362. The representative proposed that this point was captured in paragraph 4.3 of the code, which states that "Staff members shall observe the provisions of the Code of Conduct, the Staff Regulations, the Staff Rules and any other applicable decisions of the Board and existing and future policies, instructions, procedures and guidance issued by an appropriate authority."



363. The Board member reiterated that these statements were insufficiently precise. They wished to know if an entity or recipient country could bring a complaint to the Independent Redress Mechanism if they felt that a staff member was blocking a proposal.
364. A preceding Board member stated that they had not received a response to their concerns over the potential influence of Co-Chairs' teams over Secretariat staff. They also noted that interventions by Co-Chairs lead to delays and erosion of staff confidence. They requested that this matter be reflected in the decision.
365. The Co-Chairs concurred with the need for Secretariat independence and that it should not be unduly influenced by the Co-Chairs' teams; it was important to make this as clear as possible.
366. The representative of the Secretariat was invited to make further comments.
367. The representative stated that they believed that the code was already strong enough and suggested that consideration could be given by the Board to the development of a separate document to cover this point, and a potential Board code of conduct. In terms of the concern expressed that the text in the code was quite general, another option was to amend the draft decision to cover the point regarding funding proposals and Secretariat staff.
368. The Co-Chairs adjourned the agenda sub-item for further consultations.
369. They reopened the item on the final day of the meeting.
370. The representative of the Secretariat informed the Board that consultations had taken place with concerned Board members. There had been proposals to amend the text of the draft decision. Owing to the nature of the code, it would now be necessary to consult staff.
371. The Co-Chairs stated that the document would be brought back to a future Board meeting.
372. No decision was taken under this agenda sub-item.

## **Agenda item 14: Work programmes and budgets of the independent units for 2019**

373. The Co-Chairs opened the agenda item and informed the Board they would first consider the Independent Redress Mechanism.

### **Independent Redress Mechanism**

374. The Co-Chairs drew the attention of the Board to document GCF/B.21/09 titled "Independent Redress Mechanism work plan and budget for 2019". They invited the Head of the Independent Redress Mechanism, Mr. Lalanath de Silva, to introduce the document.
375. Mr. de Silva outlined the unit's workplan and budget, highlighting that in 2019 the unit would be presenting its procedures and guidelines for adoption by the Board. The unit would continue to receive and process complaints and requests for reconsideration and would be producing capacity-building modules for grievance mechanisms of DAEs. The year 2019 would also mark the first advisory report from the Independent Redress Mechanism highlighting the main lessons learned for the Secretariat based on the unit's work and best practices.
376. The Head of the Independent Redress Mechanism requested that the workplan and budget be approved, reminding the Board that these had been reviewed by the Budget Committee.

377. The Co-Chairs thanked Mr. de Silva for his presentation and invited the Board to adopt the draft decision in annex I to the document. They opened the floor for comments.

378. An active observer for CSOs highlighted the critical role played by the independent units in the accountability and oversight of GCF. They commended the important work done by the units in engaging with civil society, indigenous peoples and community representatives in developing their guidelines and policies.

379. With respect to the Independent Redress Mechanism, the active observer said that having a well-resourced Independent Redress Mechanism was essential to ensuring that communities affected by GCF projects could seek redress; they were pleased to have participated in the development of the Independent Redress Mechanism's procedures and guidelines to be presented for adoption at B.22.

380. The Co-Chairs thanked the observer for their comments and invited the Board to adopt the draft decision.

381. There being no further comments, the decision was adopted.

382. The Board took note of document GCF/B.21/09 titled "Independent Redress Mechanism work plan and budget for 2019".

383. The Board adopted the following decision:

#### *DECISION B.21/10*

*The Board, having considered document GCF/B.21/09 titled "Independent Redress Mechanism Work Plan and Budget for 2019":*

*Approves the work plan and budget of the Independent Redress Mechanism for 2019 as contained in annex X and XI, respectively (total budgeted amount of USD 1,161,220).*

## **Independent Evaluation Unit**

385. The Co-Chairs drew the attention of the Board to document GCF/B.21/13 titled "2019 work plan and budget and update of its three-year rolling work plan of the Independent Evaluation Unit". They reminded the Board that this had been distributed by email and uploaded on the online review platform for comments by the Board in advance of the meeting. They invited the Head of the IEU, Ms. Jyotsna Puri, to introduce the document.

386. Ms. Puri presented the unit's workplan and budget for 2019, part of the three-year workplan previously approved. There were four key elements:

- (a) Build the IEU;
- (b) Undertake evaluations;
- (c) Engage in evidence-based advice, learning, capacity-building; and
- (d) Participate in communications and partnerships.

387. The Head of the IEU noted that the forward-looking performance review would begin this year and would be discussed during a later agenda item.

388. The Co-Chairs thanked Ms. Puri for her presentation and invited the Board to adopt the draft decision in annex I to the document. They opened the floor for comments.

389. Several Board members commended the Head of the IEU for her presentation and called for the proposed workplan and budget to be adopted. One noted that these were in line with previous decisions of the Board and highlighted the importance of evaluation in building a learning institution; the unit's growing capacities were in keeping with the emerging needs of GCF in this area. One Board member voiced their support for the proposed budget but considered it insufficient to respond to the evaluation requirements of GCF.

390. Underlining the importance of digital methods in information gathering, a Board member expressed appreciation for the work of the IEU on peer learning but highlighted the need to also engage with non-academic actors and civil society organizations to inform GCF evaluation practices. Another Board member welcomed the unit's work in evaluating the Readiness Programme. They said that it was important to benefit from this work by implementing tailor-made solutions to the challenges identified in the evaluation.

391. A member of the Board stated that the Budget Committee had requested the Secretariat to explore ways of minimizing costs in the IEU budget on the basis that it was difficult for the committee to analyse the budget in detail. In this context, they called on units to provide budget justifications to the Secretariat. They also took the opportunity to mention that they had been unable to participate in all of the virtual meetings of the committee owing to Internet connection issues in their country.

392. Several concerns were raised regarding the amount budgeted for the intended performance review of GCF for the IRM period, to be carried out by the IEU as proposed under agenda item 18, "Performance review of the GCF for the initial resource mobilization period". Two Board members enquired as to the form that the intended review would take, highlighting that much of the work would be based on anticipated rather than actual reductions in emissions, thereby potentially only requiring a desk review. Such an evaluation did not justify the USD 830,000 budget line for the review. Other Board members said that they supported the workplan and budget as outlined but asked that the budget line for the performance review be removed and discussed under the subsequent agenda item. Underlining that the work of the unit was guided by a three-year rolling workplan, and that the first year of the budget had already been approved by the Board at B.19, a Board member asked the Head of the IEU whether unused funds from the first year had been carried over to the second.

393. Underscoring that GCF did not yet have an evaluation policy, a Board member questioned the relevance of the unit's plans to build the evaluation capacities of AEs and asked whether such activities would form part of a future policy. They also expressed regret at the use of buzzwords such as "digital" in the workplan and requested that these be explained in more detail. In addition, they called for more information on how country ownership would be evaluated as well as for an update on the status of the two Board-approved evaluations that had not yet been reported on.

394. Noting that GCF was a unique institution that differs greatly from other international organizations such as multilateral development banks (MDBs), a Board member asked what benchmarks were used in the evaluations. They also highlighted that the IEU was the only independent unit whose work was not guided by a committee of the Board and suggested that one of the Board's organs be tasked with this.

395. An active observer for CSOs expressed support for the workplan and budget, highlighting the key role played by the IEU in the work of GCF, and welcomed the unit's consultations with civil society organizations.

396. Noting that the performance review budget was tabled for discussion under agenda item 18, the Co-Chairs thanked Board members for their comments and invited the Head of the IEU to respond.

397. Ms. Puri expressed her gratitude to the Board for their support. She clarified that two evaluations were being presented at B.21, one on the Readiness Programme and one on the results management framework, highlighting that engagement with the Board and with CSOs had played a vital part in these endeavours. Ms. Puri further explained that the unit would present a GCF evaluation policy at B.22.

398. Acknowledging that the performance review would look at the expected impact of projects, the Head of the IEU pointed out that the evaluation would also assess Secretariat structures and processes by cross-validating these against the work and experiences of NDAs, AEs, executing entities (EEs), PSOs and CSOs. In addition, while part of the evaluation would indeed be based on desk reviews conducted by the Secretariat, these reviews had been designed to assess whether established policies and procedures were being implemented appropriately. The independent performance review, on the other hand, would ask the bigger question of whether these policies and procedures themselves were appropriate.

399. Ms. Puri clarified that while the workplan had been approved by the Board for three years, the budget was currently planned and approved on an annual basis. However, she urged the Board to revise this practice in order to provide the unit with longer-term planning capability. With regard to capacity-building, the Head of the IEU highlighted the usefulness of developing the expertise of AEs in a targeted manner so that these entities could measure the impacts of their projects and present the results of GCF investments to the Board. She also explained that country ownership would be evaluated in terms of the extent to which policies endorsed by the Board were meeting their objectives with respect to implementation by NDAs, AEs and EEs.

400. Ms. Puri stressed the importance of engagement between the unit and the Board in order to build institutional memory and feed the results of evaluations into Board discussions. She explained that current engagement took place through the Co-Chairs' teams, and that as part of the evaluation policy, the unit would be proposing the establishment of a working group comprising Board members and external experts. Recognizing the uniqueness of GCF as an institution, the Head of the IEU explained that the work of GCF was used as the basis for evaluations on a year-on-year basis. She anticipated a rapid advance in the performance of GCF based on the findings of the evaluations.

401. The Co-Chairs thanked the Head of the IEU for her responses and invited the Board to approve the unit's workplan and budget with the exception of the figure earmarked for the performance review of GCF.

402. A Board member reiterated the need to provide the IEU with guidance through a Board committee and proposed that the Investment Committee be used for this purpose. Another Board member said that it would be preferable to wait for the results of the upcoming review of Board committees, panels and groups.

403. The Co-Chairs proposed further consultations on the margins of the meeting to address both this suggestion and the proposal made under agenda item 12 to establish an organ of the Board to oversee the performance of the Heads of the independent units. Noting that a decision of the Board at the current meeting might remove the need to engage an external consultant to make recommendations on the oversight of the units – a role currently being advertised – they appointed three Board members, Mr. Wheatley, Ms. Satu Santala and Mr. Ayman Shasly, to lead the consultations.

404. There being no further comments or objections, the Board adopted the decision, on the proviso that the budget would be adjusted following the decision on the performance review of GCF for the initial resource mobilization period under agenda item 18.

405. The Board took note of the document GCF/B.21/13 titled “2019 work plan and budget and update of its three-year rolling work plan of the Independent Evaluation Unit”.

406. The Board adopted the following decision:

*DECISION B.21/11*

*The Board, having considered document GCF/B.21/13 titled “2019 Work Plan and Budget and Update of its Three-year Rolling Work Plan of the Independent Evaluation Unit”:*

- (a) *Approves the work plan and budget of the Independent Evaluation Unit for 2019 as contained in document GCF/B.21/13 and annex XII (total budgeted amount of USD 4,502,800); and*
- (b) *Notes the update on the rolling three-year work plan of the Independent Evaluation Unit outlined in annex XIII as requested by the Board to ensure flexibility, learning and predictability for the Independent Evaluation Unit.*

## Independent Integrity Unit

407. The Co-Chairs drew the attention of the Board to document GCF/B.21/22 titled “Workplan and Budget of the Independent Integrity Unit for 2019”. They invited the Head of the IIU, Mr. Pam, to introduce the document.

408. Mr. Pam presented the unit’s workplan and budget, highlighting the priorities for 2019 namely:

- (a) Completion and effective implementation of the integrity policy framework;
- (b) Provision of guidance for integrity matters;
- (c) Establishment of the reporting mechanism;
- (d) Proactive integrity risk assessments and reviews;
- (e) Staff capacity growth and onboarding; and
- (f) GCF counterparty capacity-building support.

409. The Co-Chairs thanked the Head of the IIU for his presentation and invited the Board to adopt the draft decision in annex I to the document. They opened the floor for comments.

410. Two Board members expressed their approval for the proposed workplan and budget as well as the unit’s intention to draft a more comprehensive policy on sexual exploitation, abuse and harassment, which they felt was lacking in the draft prohibited practices policy to be discussed under agenda item 25, “Prohibited practices policy” (this agenda item was not opened at the meeting).

411. Commenting on all three presentations by the Heads of the independent units, a Board member underlined the essential role they played in GCF performance and underlined the need to continue increasing Board support for their activities. They also supported the proposal to establish a committee to oversee the independent units and the Executive Director. Highlighting that two of the units already came under the purview of related Board committees, another Board member clarified that the original proposal had been for a Board organ that would oversee the Heads of the units and the Executive Director (Board-appointed officials) rather than the units themselves.

412. A Board member representing the Ethics and Audit Committee said that the IIU workplan and budget needed to be approved by that committee before Board approval could be sought.

413. The Co-Chairs suspended the agenda item so that the Ethics and Audit Committee could approve the documents on the margins of the meeting.

414. The Co-Chairs reopened the agenda item on the final day of the meeting and informed the Board that the workplan and budget had now been approved by the Ethics and Audit Committee. They therefore invited the Board to adopt the draft decision to approve the document.

415. An active observer for CSOs voiced their support for the IIU policies on prohibited practices and whistle-blower and witness protection, which were on the agenda at the meeting (neither agenda item was opened). They expressed their appreciation for the unit's plans to enhance the GCF policy framework on issues such as sexual exploitation as well as to implement proactive integrity risk assessments.

416. There being no further comments, the decision was adopted.

417. The Board took note of document GCF/B.21/22 titled "Workplan and Budget of the Independent Integrity Unit for 2019".

418. The Board adopted the following decision:

#### *DECISION B.21/12*

*The Board, having considered document GCF/B.21/22 titled "Workplan and Budget of the Independent Integrity Unit for 2019":*

*Approves the workplan and budget of the Independent Integrity Unit for 2019 as contained in annex II and III of document GCF/B.21/22 (total budgeted amount of USD 2,300,000).*

### **Performance Oversight Committee of the Executive Director and Heads of the independent units**

419. This ad hoc item was initially raised under agenda item 12. The Co-Chairs returned to it under this agenda item. Both parts of the discussion are recorded here.

#### **Part 1**

420. A Board member suggested the establishment of a new committee to manage or supervise the Heads of the independent units and the Executive Director (Board-appointed officials). Recalling decision B.06/08, which requested the Secretariat to present a proposal for the establishment of such a committee, they proposed that it be tasked with overseeing aspects of the work of Board-appointed officials that were not covered under existing delegated authority provisions. These Board-appointed officials were therefore not being directly supervised by the Board (i.e. the body to which they reported): there is no body setting the annual performance objectives, conducting a 360-degree review on execution of functions, considering their remuneration and providing pastoral care given to employees. In addition, there were a number of delegated authority functions of the Board relating to the budgets and approvals of the Heads of the independent units and the Executive Director that were currently not being managed as the Board had envisaged. The Board member asserted that the Board should not wait for the results of the planned review of the Board's committees under agenda item 12 before adopting a decision on the matter because it was already clear that this oversight



function was not being performed. The Board member proposed that there should be a committee that will manage performance and culture, and the execution of tasks.

421. The Co-Chairs thanked the Board member for their proposal and, to provide context, called on a representative of the Secretariat to give an update on work being done regarding addressing this oversight function.

422. The Secretary to the Board reported that GCF was currently seeking to recruit a consultant to make recommendations on a mechanism for the oversight of the independent units. The Board had been informed of this process in document GCF/B.21/Inf.14 titled “Report on the activities of the Co-Chairs”. This item was scheduled for Board consideration at B.22.

423. Two Board members supported the proposal, commenting that the new committee would help to inform the decisions of the Board and that its establishment was overdue.

424. Noting that his concerns over the effectiveness of such committees tended to be politicized, one Board member said that they would prefer not to adopt a decision on the matter at B.21 as there needs to be more consultation and information. They highlighted that Board members already faced difficulties in attending meetings of existing Board committees. Another Board member proposed considering whether there is a need for such a committee or there are other options for overseeing Board-appointed officials.

425. A Board member echoed the question about the need for such a committee. They requested clarification on the intended purview of the new committee, such as whether this would include a detailed consideration of job classifications within the hybrid UN/MDB system employed by GCF. If this were the case, they asserted that the functions of the new committee might overlap with those of the Budget Committee, potentially leading to the micromanagement of human resources and an undermining of the independence of the Secretariat. They stated that the Budget Committee is sufficient, and if it can come to an agreement with the Secretariat on increasing transparency, then that would be advisable.

426. Noting the comments, the Co-Chairs suggested that the Board member who made the proposal discuss the matter further with other Board members on the margins of the meeting. The proposal was discussed again under agenda item 14.

## **Part 2**

427. The Co-Chairs reminded the Board that consultations had been taking place on the sidelines of the meeting regarding the establishment of a committee to oversee Board-appointed officials. They asked a representative of the group leading those consultations to present its results.

428. A draft decision and proposed terms of reference for the Performance Oversight Committee was circulated to the Board, and Mr. Wheatley presented their contents.

429. The Co-Chairs thanked Mr. Wheatley for the presentation and opened the floor for comments.

430. With reference to paragraph (c) (iii) and (iv) of the draft decision, which stated that one Board member or alternate Board member from developing country Parties and one from developed country Parties would be appointed to the committee, a Board member said that it was problematic to have alternate Board members serving on the committee given that its function would be to oversee Board-appointed officials. Mr. Wheatley said that the draft decision was based on a previous decision, and that, in their view, there was no difference in status between Board members and alternate Board members, who had similar capacities. The first Board member pointed out that the Executive Director Selection Committee established under agenda item 10 included only Board members. They also stated that the informal

replenishment consultations in Bonn, Germany, in May, which had no formal status, had only been open to Board members, except where their principal was unable to attend. They called for a consistent approach to the appointment of the membership of committees that oversaw Board-appointed officials. While noting that the committee would be tasked with assessing the performance of officials and not their selection, Mr. Wheatley said that if it was the wish of the Board to remove the reference to alternate Board members from the decision, the text would be amended. One Ethics and Audit Committee member stated that they were not consulted, but they had no objections to the draft decision.

431. A Board member asked if the tasks of the Performance Oversight Committee might overlap with those of the Ethics and Audit Committee. Highlighting that the draft decision specifically referred to the performance of Board-appointed officials and not to budget and policy, Mr. Wheatley confirmed that, having consulted with the Ethics and Audit Committee, they did not overlap.

432. Thanking the Board members for their comments, the Co-Chairs invited the Board to adopt the draft decision with the removal of all references to alternate Board members.

433. There being no objections, the decision was duly adopted.

#### DECISION B.21/13

*The Board, recalling decision B.17/12:*

- (a) *Establishes the Performance Oversight Committee of the Executive Director and Heads of Independent Units in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;*
- (b) *Adopts the terms of reference of the Performance Oversight Committee of the Executive Director and Heads of Independent Units, as set out in annex XIV to this document;*
- (c) *Appoints the following Board members as members of the Performance Oversight Committee of the Executive Director and Heads of Independent Units for its initial term:*
  - (i) *[name of Co-Chair from developing country Parties];*
  - (ii) *[name of Co-Chair from developed country Parties];*
  - (iii) *[name of Board member from developing country Parties]; and*
  - (iv) *[name of Board member from developed country Parties].*

### Agenda item 15: Status of GCF resources and portfolio performance

#### (a) Status of the initial resource mobilization process

434. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.21/Inf.05 titled "Status of the initial resource mobilization process".

435. They invited a representative of the Interim Trustee, Mr. Jonathan Caldicott, to introduce the Green Climate Fund Trust Fund report.

436. Mr. Caldicott reported on the financial status of the GCF Trust Fund, providing an update on the status as at 30 September 2018.

437. The Interim Trustee reported signing contribution agreements and arrangements with contributors and GCF, and receiving USD 6.66 billion in the form of grant, capital and loan contributions in accordance with the standard provisions for such agreements adopted by the Board.

438. Mr. Caldicott informed the Board that the cumulative amount of cash transfers had doubled since the beginning of 2018, amounting to USD 381.6 million, and that the pace of such transfers for projects and programmes had increased.

439. The Interim Trustee stated that USD 95 million in investment income had been earned to date on the liquid trust fund balances and reported on the composition of the GCF Trust Fund investment portfolio.

440. The Co-Chairs thanked Mr. Caldicott for his presentation and for his valuable support in recent years.

441. They opened the floor for comments.

442. There being none, they took it that the Board wished to take note of document GCF/B.21/Inf.05 titled “Status of the initial resource mobilization process”.

443. The document was duly noted by the Board.

## (b) Status of the GCF pipeline, including the status of the Project Preparation Facility requests

444. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.21/Inf.11/Rev.01 titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests” and its addenda I and II transmitted on a limited distribution basis.

445. They invited a representative of the Secretariat to introduce the document.

446. A representative of the Secretariat gave a brief presentation and highlighted the following:

- (a) The pipeline consisted of 103 public and private sector funding proposals, and 192 public- and private-sector concept notes;
- (b) Funding proposals requested USD 6.3 billion. Geographically, Africa requested the largest share of GCF funding, and cross-cutting projects accounted for 45 per cent by thematic window;
- (c) The total amount requested through concept notes was USD 10.2 billion, and the Asia-Pacific region requested the largest share at 35 per cent. Cross-cutting projects accounted for 52 per cent of the total amount requested;
- (d) The PPF pipeline consisted of 37 applications with no-objection letters; most were from DAEs;
- (e) In the SAP pipeline there were a total 24 public and private sector concept notes and funding proposals, which requested USD 360 million, taking co-financing into account. The breakdown of SAP submissions was 42 per cent DAEs, 42 per cent international entities, while 17 per cent were directly from NDAs;
- (f) GCF had launched four different RFPs to date. The enhanced direct access (EDA) programme had USD 30 million approved by the Board and USD 207 million in the GCF pipeline. Under micro, small and medium-sized enterprises (MSMEs), USD 40 million had been approved and USD 477 million was in the pipeline. MFS and REDD-plus

results-based payment programme had USD 2.740 million and USD 147 million, respectively, in the pipeline; and

- (g) In terms of knowledge management, the NDA and AE portal had been launched in early 2018 for the stakeholders, and the Secretariat was aiming to launch an SAP online submission portal before COP 24.

447. The Co-Chairs thanked the representative and opened the floor for comments.

### Questions and comments from Board members

- (a) Regarding the data on themes and regional distribution, on what basis had the calculations been made? Was it a nominal-based calculation or a grant equivalent-based calculation? What were the implications of each?
- (b) In relation to REDD-plus and the four projects mentioned, what was the regional balance of these? The Board member noted that when the Board was designing the pilot, it was endeavouring to ensure that there would be balance between different regions;
- (c) In terms of the PPF, reference was made by the Secretariat representative to the numbers of requests received from DAEs, SIDS, LDCs and African States. A Board member said that these seemed low. They asked for clarification about which other groups had applied for PPF;
- (d) For another Board member, the term “cross-cutting” continued to be misleading. The ratio of adaptation versus mitigation and cross-cutting was still unclear despite repeated requests for the Secretariat to calculate the ratio. The Board had considered projects in the past that were 93 per cent mitigation and only 7 per cent adaptation and they had been called “cross-cutting”; this was misleading for the public. It was essential to calculate exactly for each funding proposal the ratio of adaptation and mitigation under the concept of cross-cutting. Furthermore, within cross-cutting, there could be a further breakdown of the nature of the investment or other support GCF was providing to countries;
- (e) The same Board member asked what criteria were being used to allocate funding proposals. Was it “first come, first served” with no specific criteria used in the design of the GCF portfolio? Was there any mechanism being used by the Secretariat to determine the overall shape of the portfolio when considering each new proposal, or was it just considering the projects as they were presented without considering related portfolio features? There needed to be absolute clarity on the type of projects and whether they were direct access or international entities; and
- (f) Another Board member asked whether the Secretariat was expecting proposals under RFPs for REDD-plus to be presented to the Board for consideration in the short term.

448. The Co-Chairs thanked the Board members for their comments and invited the active observer for CSOs to take the floor.

449. The active observer for CSOs noted that DAEs continued to represent a small proportion of funding proposals, concept notes and amount of GCF funding requested.

450. They also said that in terms of the total requested amount by financial instrument, loans were still slightly higher (43.1 per cent) than grants (38.1 per cent), and mitigation was at 29.2 per cent with adaptation lagging behind at 18.8 per cent.

451. Finally, they requested that the current funding proposal template be addressed as soon as possible since the cross-cutting nature of funding proposals could be used to mask mitigation projects as adaptation ones.

## **Secretariat responses**

452. On comments made about cross-cutting, the representative of the Secretariat informed the Board that the data received in funding proposals did not currently provide sufficient information to enable the Secretariat to make grant equivalency calculations or to undertake a breakdown of what qualified as adaptation and mitigation under cross-cutting projects. To get around this issue the Secretariat had already developed an interim methodology to apply to the portfolio. For the portfolio, there was already enough information to provide cross-cutting and grant equivalency values.

453. In the future, the plan was to change the funding proposal template. However, concept notes and funding proposals in the pipeline had already been submitted and it was not possible to ask AEs to resubmit them. The dilemma was when to update the funding proposal and concept note template. Given that there were several policy documents under consideration by the Board, stakeholders repeatedly told the Secretariat that they did not wish to constantly have different templates as it created confusion. Consequently, the Secretariat had deliberately delayed the change of concept note and funding proposal template until such time that a sufficient number of policy documents had been adopted by the Board. The principle the Secretariat had adopted was to only change the template once a year, or if it was possible, once every two years. In many cases, NDAs and AEs were using old versions. Once changed, AEs would be able to input the data clearly, and the Secretariat would be able to report grant equivalency and cross-cutting values.

454. With reference to the four REDD-plus projects, three were from Latin America and the Caribbean (LAC) and one from Asia. The Secretariat wished to encourage countries from other regions to submit REDD-plus projects under the RFPs. At least two projects under the RFP were expected very shortly. They were at a very advanced stage and work was ongoing to finalize the term sheet.

455. With reference to the PPF, apart from DAEs, the remainder were international entities and the majority were UN entities. Further details could be provided to the Board member.

456. Regarding the basis of assessments, the Secretariat confirmed that it was guided by the Board's strategic frameworks. This included the investment framework, results management framework and risk management framework. The Secretariat also took into consideration specific guidance from the Board on how to manage the pipeline. For example, at B.20 the Board gave the Secretariat a mandate to manage commitment within the pipeline (decision B.20/07, para. (e)), which included looking at the IRM (decision B.06/06), the balance between AEs and the balance across the results areas. That was also the specific mandate for B.21. However, in paragraph (f) of the same decision, the Board had also asked the Secretariat to present a proposal on how to manage further commitment in the future. That was now part of the draft decision that had been tabled for B.21.

457. The representative noted that while the Secretariat took great pride in a rigorous assessment of funding proposals, demand was outstripping available resources. The Secretariat requested clear and specific guidance on how to manage commitment and to select or reject projects. Such guidance would be of great benefit to all stakeholders, including AEs and NDAs, to provide clarity on what kind of projects the Board wished to support.

458. The Co-Chairs thanked the representative for the responses.

## **Further comments from Board members and Secretariat responses**

459. Another Board member asked if the Secretariat could respond to a question implied by the active observer for CSOs regarding mitigation and adaptation in nominal or grant equivalent terms.

460. The representative stated that the pipeline was nominal as it was not possible at this stage in grant equivalency. They informed the Board that that would be presented under another agenda item (agenda item 15(c) “Status of the GCF portfolio: approved projects and the fulfilment of conditions”). There was a comprehensive set of data on the nominal amount of the portfolio, including grant equivalency and a breakdown of cross-cutting.

461. A short discussion ensued about the concept of grant equivalency. Several Board members stated that the concept was confusing, especially for people without a background in finance. One asked if, in reality, it was a loan with no interest. The Secretariat responded that it was the present value of all the instruments, including loans, guarantees and equity. The Board member said that grant equivalence was a loan with zero present value. As such, was it included under grant or loan calculations? Furthermore, how would the Secretariat take this into account in the portfolio assessment? Would it add a grant equivalent to the loan section or grant section of the portfolio? GCF was intended to be a fund that provided grants not an investment institution providing loans.

462. The representative confirmed that loans were loans and grants were grants. Under the initial investment framework, the Secretariat had been requested to report the totality of the portfolio under grant equivalents. It had also been requested by the Board to use initial targets under the IRM (decision B.06/06), including the balance between mitigation and adaptation (50:50) and for a floor of 50 per cent of the adaptation allocation for LDCs and African States under the grant equivalent terms. This was the basis by which the Secretariat sought to report to the Board on the portfolio. In conclusion, grants were reported as grants and loans were reported as loans as a total portfolio under those specific requirements requested by the Board, with the totality reported under grant equivalency.

463. Another Board member said that the Board needed a more transparent way of reporting before going into a negotiation on replenishment, otherwise there would be widespread confusion that GCF was talking about grants by using the grant equivalency term. Effectively, grant equivalence equated to debt for developing countries.

464. The Co-Chairs concurred that this was an important communication issue. GCF had worked with grant equivalency to make clear the grant equivalency of loan funding but with different conditions, as well as guarantees and grants.

465. A Board member said that GCF should call a grant equivalent a “goodwill loan” that did not generate a return over and above the principal amount. For climate change negotiations, it should be understood that the only requirement in such circumstances was to return the principal amount, depreciated over time, as it was a zero net present value in United States dollars. Grant equivalency was very misleading, and the Board should call it a goodwill loan. They also expressed the hope that this would not lead to a debate on the need for any kind of internal policy about how much GCF should be giving as loans versus grants. It was the Board’s responsibility to determine the financial sustainability of GCF.

466. Speaking on behalf of LDCs, a Board member said this was misleading and confusing. It was also politically sensitive. They requested that the Secretariat make it very clear whether something was a loan or a grant.

467. Another Board member said it was essential to improve the pipeline so that the Board had much better information. Funding proposals had many hundreds of pages dealing with such matters as stakeholders, gender issues and ESS standards, but much critical information was still missing, such as the size of power plants to be built or their location. Regarding funding



proposals for groups of countries, it was very difficult to know how much was going to individual countries.

468. Returning to the issue of cross-cutting, the Board member reiterated the need for the Secretariat to establish a threshold for cross-cutting. There were multi-country projects, but in some of the examples before the Board for B.21 the majority were from East Asia or Eastern Europe with just one from the Pacific or the Caribbean, and these were classified as cross-cutting. The same applied to mitigation and adaptation. If the project was more than 50 per cent mitigation in nature, it was not cross-cutting. Similarly, unless SIDS or LDCs represented 50 per cent of a regional project it was not cross-cutting. On the question of regional distribution, they requested that the Secretariat list countries by region rather than by LDCs or SIDS. If taken by region, Latin America was still lagging, both in terms of projects approved and the pipeline. There needed to be some form of prioritization.

469. The Secretariat representative responded that there were several different criteria that could be used to determine cross-cutting, including by outputs, outcomes or costs. A methodology existed for this at the portfolio level. In the future, it would be far preferable for this to be done by the AEs using an updated funding proposal template, since they were in the best position to know the percentage of mitigation among cross-cutting components.

470. The Board took note of document GCF/B.21/Inf.11/Rev.01 and its limited distribution addenda Add.01 and Add.02 titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests”.

471. No decision was taken under this agenda sub-item.

### (c) Annual portfolio performance report

472. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.21/Inf.12 titled “Annual portfolio performance report (2017)”. They invited the Secretariat’s Head of the Office of Portfolio Management, Mr. Sohail Malik, to present the document.

473. Mr. Malik presented the first annual portfolio performance report of the GCF, which included a review and analysis of GCF-funded activities under implementation and of the activities under the Readiness Programme as at 31 December 2017. They highlighted the report’s key findings, the challenges faced during this first year of implementation and the actions planned based on lessons learned in this review cycle of the portfolio.

474. The Co-Chairs thanked Mr. Malik for the presentation and opened the floor for comments.

475. One of the Co-Chairs highlighted that only 3 per cent of the projects in the portfolio were micro projects (i.e. with funding of less than USD 10 million). Stressing that under the initial design of GCF direct access had been intended as a means of delivering small projects for the benefit of those most vulnerable to climate change, such as subsistence farmers and indigenous communities, the Co-Chairs noted with regret that this aim was not yet being met; 80 per cent of GCF projects were over USD 50 million. They underlined the co-responsibility of NDAs in facilitating the accreditation of more entities through direct access. Recalling that the Co-Chairs had been mandated by the Board, based on a request by the COP, to work with the Adaptation Fund to enhance complementarity and coherence. They stated for information purposes that a suggestion had been made for GCF to contract the Adaptation Fund for a three-year period to drive forward the accreditation of DAEs. They further underlined the considerable experience of the Adaptation Fund in delivering micro projects and highlighted that the proposal would help to provide the Adaptation Fund with additional financing.

476. Two Board members also noted with disappointment that the proportion of funding allocated to DAEs and to micro projects remained low. One of these Board members called for vulnerable countries to be given special consideration in the allocation of funding as stipulated in paragraph 52 of the Governing Instrument. The other Board member called on the Secretariat to prioritize DAEs, micro projects and projects implemented in LDCs and SIDS over the remainder of the IRM period, given the funding limitations.

477. Reminding the Board that, according to the first annual portfolio performance report, 47.4 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>eq) were expected to be reduced or avoided and 84.1 million beneficiaries to be reached through the projects currently under implementation, a Board member noted that in the portfolio, the figures were only 0.3 MtCO<sub>2</sub>eq and 2.6 million beneficiaries. The Board member suggested that, given that USD 3.5 billion of funding proposals had been approved, these figures could be used to claim that GCF was not performing well. In this regard, they noted the importance of GCF ensuring that its communications with the outside world were effectively handled.

478. Highlighting that various typologies were used in environmental and social assessments and management plans, an active observer for CSOs called for these instruments to be aligned with the GCF Environmental and Social Policy so that information across projects could be aggregated and compared. They welcomed the achievements in prioritizing support to women-led MSMEs but noted with concern that of the 57 Readiness Programme grants, which included stakeholder consultations as a part of their outputs, only 5 delivery partner reports covering grants had provided information on consultation meetings. The observer called for national stakeholder engagement to be taken seriously in Readiness Programme activities. Finally, they proposed that individual project performance reports be published, in addition to the aggregated portfolio report to enhance accountability to the affected communities.

479. The Head of the Office of Portfolio Management said that they would take note of the comments made for their future work. They also underscored that the report was based on performance in 2017 and that many of the issues raised, including with regard to LDCs, would be addressed in the next report.

480. The Co-Chairs thanked Mr. Malik for his comments and hard work and invited the Board to take note of the document.

481. There being no further comments, the Board took note of document GCF/B.21/Inf.12 titled “Annual portfolio performance report (2017)”.

482. No decision was taken under this agenda item.

#### (d) Status of the GCF portfolio: approved projects and the fulfilment of conditions

483. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.21/Inf.07 titled “Status of the GCF portfolio: approved projects and fulfilment of conditions”. They invited the Head of the Office of Portfolio Management to present the document.

484. Mr. Malik outlined the status of the GCF portfolio of approved projects and their implementation as well as the status of fulfilment of conditions. He also presented the breakdown of approved projects according to thematic and group priorities and targets as contained in the GCF investment framework and programming document from the IRM. Finally, the Head of the Office of Portfolio Management reported on the status and projection of implementation and disbursements, highlighting the increased speed of delivery and increases in the number and volume of projects under implementation.

485. Noting their appreciation for the work carried out to finalize AMAs and FAAs, a Board member highlighted that some MDBs faced challenges in restructuring Board-approved projects; the resolution of these issues had therefore been deferred from AMA to FAA negotiations. They requested that the Secretariat provide the various FAA templates that had been put in place with MDBs and asked for a summary of the issues that were being negotiated in those templates with the remaining MDBs, including the World Bank.

486. The Head of the Office of Portfolio Management took note of the request and said that the office would provide the information requested.

487. Noting that 84 per cent of total GCF funding was allocated to international AEs, an active observer for CSOs called for further efforts to strengthen direct access to GCF. They requested that the document presenting the status of the GCF portfolio include a breakdown of fund allocation according to the access modality of the AE. They also noted that the presentation of the relative share of adaptation and mitigation projects in the portfolio in grant equivalent terms (62 per cent and 38 per cent, respectively) did not paint the full picture: in terms of net commitment, adaptation accounted for 40 per cent and mitigation for 60 per cent of funding approved. While the observer welcomed reporting on the time lags between Board approval, the signing of FAAs and first disbursements, they called on the Secretariat to provide reasons for these delays in future reports. Highlighting the Secretariat's work to systematically monitor projects experiencing delays in implementation and to undertake a comprehensive review of the current portfolio for presentation at B.22, they urged the Secretariat to supplement quantitative analysis with qualitative reporting and offered to participate in such efforts by feeding in the experiences of CSO counterparts.

488. Another Board member said that they were very concerned about the issue relating to the deferral of certain matters with MDBs from AMAs to FAAs because it was the principal obstacle to disbursement. They called on the Secretariat to provide the information to the Board at the current meeting, for instance under agenda item 24, "Whistle-blower and witness protection policy".

489. The Co-Chairs said that the matter would be addressed under that agenda item (the item was not opened at the meeting). They invited the Board to take note of the document.

490. There being no further comments, the Board took note of document GCF/B.21/Inf.07 titled "Status of the GCF portfolio: approved projects and fulfilment of conditions".

491. No decision was taken under this agenda sub-item.

## (e) Analysis of options for the financial planning of the commitment authority of GCF for the remainder of the initial resource mobilization period and 2019

492. The Co-Chairs opened the agenda sub-item and drew the Board's attention to document GCF/B.21/33/Rev.01 titled "Analysis of options for the financial planning of the commitment authority of the Green Climate Fund for the remainder of the initial resource mobilization period, 2019, and 2020".

493. They reminded the Board that this was one of the matters that had been discussed via the online review platform and at the informal meeting on 16 October 2018.

494. The Co-Chairs invited a representative of the Secretariat to introduce the document.

495. The Executive Director ad interim provided a brief summary including the following points:

- (a) The projected remaining commitment authority for the IRM period was USD 3 billion. The Secretariat estimated that the Board may wish to provision between USD 400–500 million for the ongoing operations of GCF for 2019 and into 2020, including administrative budget, the Readiness Programme, the PPF and the foreign exchange risk buffer. At B.21, the Board would consider USD 1.1 billion of funding proposals, plus AE fees rounding up to USD 1.2 billion;
  - (b) There would be approximately USD 1.3 billion for funding proposals from B.22 until the conclusion of replenishment;
  - (c) Regarding pipeline management, at B.20 the Board had requested the Secretariat to provide options for financial planning of the commitment authority in preparing the pipeline for B.21 (decision B.20/07). Following this guidance, the Secretariat had taken a number of measures, including a comprehensive evaluation against the investment criteria, balancing commitments as well as negotiations with AEs to align funding proposals with financial planning;
  - (d) Regarding options for financial planning, the document presented several options as follows:
    - (i) Establishing a funding allocation schedule for each Board meeting, for example, an indicative amount per year or per Board meeting,
    - (ii) Setting aside targets for funding proposals from RFPs; and
    - (iii) Providing further clarification on resource allocation parameters; and
  - (e) Other options included:
    - (i) Managing the portfolio;
    - (ii) Not progressing to implementation; and
    - (iii) Actions that could be taken by the Secretariat to support financial planning and pipeline management.
496. Mr. Manzanares outlined the proposed draft decision.
497. The Co-Chairs thanked the Executive Director ad interim and opened the floor for comments.
498. One Board member asked if the administrative budget included the independent accountability units. This was confirmed by the Executive Director ad interim.
499. Board members had a wide-ranging discussion before the Co-Chairs asked Mr. Wheatley and Mr. Tosi Mpanu Mpanu to consult with Board members.

## Part 1

500. During the initial discussion, Board members commended the Secretariat for the document and underlined the need for a decision during the Board meeting. In terms of more general observations, one Board member, while strongly supporting the need for financial planning of the commitment authority for the IRM, said that it was good news that GCF had, in fact, nearly committed all its IRM resources. Another noted that, with less than three months before the end of the IRM period (end of 2018), GCF would end the year in surplus with USD 1.23 billion to carry forward into the new period. Furthermore, they were pleased to hear the words “financial planning” finally entering the GCF lexicon. On that point, they wished to know if the financial planning referred solely to 2019 or to the entire replenishment period. Another said that it was not yet clear to the public what “financial planning” would actually mean in practical terms for the Secretariat and the Board. Two Board members noted that the priority

was to launch the replenishment process and that what was currently being discussed was contingency purposes. The question of the signals GCF was sending to the international community was raised by several Board members. One said that the “big picture” messages were contradictory. One minute, GCF was talking about how much had been pledged, and the next that it was running out of money. The GCF website said the fund had USD 10.3 billion, but at the same time GCF said it had only programmed USD 3.5 billion. Concurrently, some Board members were saying the trigger for replenishment had not been met. These views were echoed by another Board member who recalled the many times GCF had talked about being transformational and paradigm-shifting. Now it seemed to be sending entirely different signals. A further Board member echoed the need for greater transparency in communications by GCF.

### **Commitment authority**

501. In terms of priorities in rationalizing the remaining commitment authority, several Board members highlighted RFPs. One Board member, in addition to supporting this, said that they wanted to make sure that countries that were most vulnerable and lacked capacity could continue to access GCF funds. Along the same lines, another member mentioned SIDS and LDCs and wished DAEs to be prioritized. Another wished to see DAEs as a key focus for 2019. On RFP prioritization, one Board member suggested the possibility of indicating the amounts for each RFP while the need to honour commitments under RFPs was referenced by a different Board member, given that expectations had been raised. One Board member proposed that the Board should not continue approving projects for countries that already had approved funding proposals. Likewise, AEs that already managed many projects should not be prioritized. A Board member reminded colleagues that the sixth meeting of the Board provided valuable guidance on the more precise allocation of resources regarding mitigation, adaptation and geographical balance. In terms of criteria for prioritizing funding proposals, a number of Board members said that quality and expected results should be the overriding criteria determined by the investment criteria and the assessment of the independent TAP. One Board member opined that existing criteria provided sufficient tools for the Secretariat while another stated that in addition to prioritizing adaptation and DAEs the Secretariat should focus on the quality of projects in terms of their climate impact perspective. Another Board member said that they could not support approving funding proposals against future contributions as a way of managing the commitment authority.

502. Several Board members mentioned ensuring sufficient funds for the continued operation of GCF as the number one priority. One Board member proposed a review of administration costs. Another echoed this, stating that the running costs of GCF of around USD 0.5 billion needed further examination. A third stressed the importance of making sufficient allocation for GCF fees.

503. A Board member requested further clarity on what the Secretariat expected in terms of funding proposals that were approved but not progressing towards implementation, and the implications of these for the commitment authority.

### **Other proposals**

504. Some Board members supported a proposal to allocate funds per Board meeting. One noted that this was good practice and would demonstrate the progress of GCF towards a steady-state institution. Demand would always outstrip supply and this kind of discussion was a key element in other replenishment conversations around the world. Another favoured a cap per meeting, while a further Board member opposed it. Tranching was also raised by one Board member as some programmes may not need full funding initially.



505. One Board member suggested that the Board find a way to increase the resources of GCF until replenishment became effective. The Trustee had informed the Board of the amount of money in the commitment authority. Could GCF borrow funds from the authority that were already committed? The Board could work with the Trustee to see if it could undertake such an internal borrowing exercise. This could be a better option than the Board seeking to find some funding for LDCs, which sent a rather more negative message.

### **Draft decision**

506. A Board member stated that they wished to propose several changes to the draft decision. It needed to make clear which existing commitments were going to be covered with an "up to" indicative figure and the time period in terms of Board meetings, and it should provide further direction on prioritization. They had prepared a draft decision text and would welcome working with others to take this forward. Others supported the need to strengthen the decision text to enable the Secretariat to manage its commitment authority in 2019. One, while thanking the Secretariat for the excellent document, said that the draft decision was not sufficiently clear on what financial plan the Secretariat would be implementing; there was some confusion between what was included in the annexes and sections of the draft decision. They also warned of the risk that, unless the actions that the Secretariat would be taking were crystal clear, there was, for example, a danger that LDCs, SIDS and African States could lose out as their projects might not be assessed as having the highest potential success rating compared to others from big international entities and more developed countries. One Board member requested that paragraph (g) of the draft decision include language from paragraph 52 of the Governing Instrument.

507. The Co-Chairs invited the active observers to take the floor.

### **Observers**

508. The active observer for CSOs said that civil society supported the prioritization of funding proposals as a necessary step and underlined the importance of the Board sending clear signals on its expectations. A guiding criterion for civil society would be the extent to which projects approved under the remaining commitment authority over the next year would prioritize multiple benefit approaches in direct support of affected people and communities. They noted that, if all B.21 proposals were approved, 92 per cent of overall funding for GCF would go through international access entities and only 8 per cent through DAEs, further worsening the portfolio imbalance. Civil society supported a clear commitment to prioritizing DAEs, including under pilot schemes for SAP and EDA. They further recommended an EDA reference be added to the decision text. They supported the establishment of set-asides for RFPs and/or other pilot programmes but called for a balanced consideration of funding proposals in 2019. They wished to ensure that the large size of the RFPs for REDD-plus results-based payments and MFS left sufficient room for the consideration of proposals under the EDA pilot programme and the RFP on MSMEs. In the case of the consideration of REDD-plus proposals considered in 2019, their effect on the regional distribution of GCF resources must be taken into account. Finally, they called for full transparency; all actions taken by the Secretariat, including the development of tools such as the investment criteria scorecards and project success ratings, needed to be transparent and allow for active stakeholder participation.

509. The active observer for PSOs opined that, while recognizing the realities facing GCF, there were significant risks of putting off potential partners both now and after replenishment. Project proposals were already moving very slowly through the pipeline; the option of putting a cap on funds to be approved at specific Board meetings was likely to slow down approval times still further. The observer said that they were hearing that some project proponents were being



asked to scale down their funding requests and potentially to restructure their proposals into several tranches. This would clearly reduce the potential impact of those proposed projects. In some cases, this would undermine the financial viability of projects, which were then more likely to be withdrawn. Private-sector opportunities moved quickly and further lengthening the approval process would be counterproductive. This may also cause those private sector actors who were perhaps trying out GCF for the first time to take the view that the timing was too uncertain, and that working with GCF was too challenging. They asked Board members to bear all this in mind when considering the issue.

510. The Co-Chairs adjourned the agenda sub-item.

## Part 2

511. On reopening the agenda sub-item, the Co-Chairs invited Mr. Wheatley and Mr. Mpanu Mpanu to update the Board on the informal consultations with Board members.

512. Mr. Mpanu Mpanu provided a progress report as the decision text still required further work. Essentially, with support from Secretariat staff, they had used a simple tool to determine how to allocate GCF resources, how to decide on funding allocation during 2019 given either two or three Board meetings, what could be allocated as a general range, such as four RFPs (MFS, REDD-plus, EDA and MSMEs), and also how to consider the resource allocation in terms of prioritization.

513. Mr. Wheatley added that the table they had developed was available for everyone to see. Existing commitments had been listed in the document and an “up to” figure added. A second section dealt with timing that focused on allocation for 2019 and not by specific Board meeting. Finally, the document addressed the criteria of how the Secretariat could proceed. Mr. Wheatley noted that some Board members felt that what was proposed possibly contravened decision B.06/06. In the view of Mr. Wheatley, this was a time-bound measure meant specifically to deal with the remaining IRM resources and did not prejudice decision B.06/06. Finally, the Board member stated that the exercise would need to be reviewed at the twenty-third meeting of the Board (B.23) and B.24.

514. The Co-Chairs thanked the Board members who had been tasked to consult on this matter and opened the floor for comments.

515. A Board member said that they had several issues with the draft text, including that some inputs that had been made during the consultation had not been reflected. They specifically had concerns with paragraphs (d), (e), (h) and (j). While understanding that it was a time-bound measure, they reminded the Board that this was an emergency exercise because USD 2 billion of pledges had not materialized, and foreign exchange factors had also had an impact on the commitment authority. However, they underlined that they were not in favour of any sort of allocation “framework”, such as had been discussed at B.06 in Bali.

516. The Co-Chairs asked the Board member if they had conveyed their concerns to the ad hoc group.

517. The Board member confirmed that this had been done.

518. Another Board member raised two points. First, the title was unclear as it referred to the end of 2019 when the end of the IRM period was 2018; second, this was the first time a draft decision had been presented as a “take note”. Did this provide a legal formulation that would enable a Board member to raise it again in the future? Furthermore, they asked how the document would assist the Secretariat in allocating resources for the remainder of 2018 and during 2019.

519. A question on RFPs was raised by another Board member who asked the Secretariat if they ring fenced funds when the Board took a decision on an RFP, and the nature of the relationship of this to the commitment authority.
520. The Executive Director ad interim responded that the Board had decided to allocate up to a certain amount of money, subject to the Secretariat subsequently providing further details to the Board for each funding proposal. As such, no funds were ring fenced as there were no funding proposals. When the Secretariat brought back a funding proposal within a window, then it constituted the usage of the commitment authority.
521. The Board member requested that, in future, the communication be handled differently as the approval by the Board of “up to” USD 500 million had created expectations that were then not borne out in the commitment authority.
522. Mr. Wheatley confirmed that the group would take the further comments from Board members and work towards a decision. Mr. Mpanu Mpanu said that the group was trying to perform a balancing act to provide more direction to the Secretariat, while recognizing that individual Board members would have their own personal priorities.
523. A Board member asked if the group intended to return with a decision text or a “take note”.
524. The ad hoc group confirmed they would be working on a draft decision text.
525. A Board member who had raised a query about RFPs underlined that up to now the Board’s approach had been “first in, first out”. It was now very important that GCF did not give the impression it was “cherry-picking” projects from the pipeline.
526. Mr. Wheatley said that he would rather characterize what the Board was trying to do as helping the Secretariat to make choices within the IRM period while the absolute priority was to proceed rapidly with replenishment.
527. The preceding Board member noted that it was important that GCF learned lessons from what had transpired in terms of the IRM process.
528. The Co-Chairs adjourned the agenda sub-item.

### **Part 3**

529. The Co-Chairs reopened the agenda sub-item later in the day and asked the ad hoc group to report back.
530. Mr. Wheatley presented the text and highlighted the changes in the draft decision.
531. The Co-Chairs opened the floor for comments.
532. There being none, it was so approved.
533. The Board took note of the document GCF/B.21/33/Rev.01 titled “Analysis of options for the financial planning of the commitment authority of the Green Climate Fund for the remainder of the initial resource mobilization period, 2019, and 2020”.
534. The Board adopted the following decision:

#### **DECISION B.21/14**

*The Board, having reviewed document GCF/B.21/33/Rev.01 titled “Analysis of options for the financial planning of the commitment authority of the Green Climate Fund for the remainder of the initial resource mobilization period, 2019, and 2020”:*

- (a) *Takes note that the Green Climate Fund cumulative funding approvals as at the twenty-first meeting of the Board amount to USD 5.5 billion, and the remaining commitment authority for the initial resource mobilization period is currently projected at USD 1.7 billion;*
- (b) *Notes, in view of the above, that the Green Climate Fund will reach the end of the initial resource mobilization period (2015–2018) with the remaining commitment authority carried over into 2019, which necessitates financial planning of the resources of the Green Climate Fund for 2019 pending the conclusion of the first replenishment of the Green Climate Fund;*
- (c) *Takes note of the analysis on the options for financial management of the commitment authority contained in annex II to document GCF/B.21/33/Rev.01;*
- (d) *Intends that this decision on managing commitment authority for 2019 is without prejudice to the amounts originally provisionally allocated for the requests for proposal, or to the consideration of pipeline not brought forward in the next year;*
- (e) *Decides to allocate the remaining commitment authority for the initial resource mobilization period and 2019 for funding proposals as follows over the course of its meetings in 2019:*
  - (i) *Up to USD 600 million to fund projects submitted in response to requests for proposals and pilot programmes, including the requests for proposals on REDD-plus results-based payments, mobilizing funds at scale, micro, small and medium-sized enterprises, enhanced direct access and the simplified approvals process; and*
  - (ii) *Remaining commitment authority, projected to be in the range of USD 0.7–0.8 billion after accounting for subparagraph (e)(i) above and paragraphs (f)–(g) below, to be allocated for other funding proposals;*
- (f) *Requests the Budget Committee to present to the Board for its consideration at its twenty-second meeting a draft decision covering a set-aside for the operating costs of the Green Climate Fund (including administration of the Board, Secretariat, Trustee, and independent units) and foreign exchange commitment risk buffer for solvency risks for 2019 and 2020 as required;*
- (g) *Notes that the Board will consider the forward budget for the Readiness and Preparatory Support Programme at its twenty-second meeting;*
- (h) *Requests the Secretariat to present funding proposals for the Board's consideration and ensure resources for the operation of the Green Climate Fund in line with this decision and keep changes in the level of the Green Climate Fund commitment authority under review;*
- (i) *Also requests the Secretariat, in managing the pipeline for 2019, to bring forward funding proposals that fully align with the Green Climate Fund investment criteria and continue to balance commitments and diversity among accredited entities, across regions and across the initial results areas of the Green Climate Fund in accordance with prior decisions of the Board, particularly decision B.06/06 on resource allocation;*
- (j) *Further requests the Secretariat to develop for consideration by the Board at its twenty-second meeting an initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the Green Climate Fund.*

## Agenda item 16: Consideration of funding proposals

### Part 1

535. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/10/Rev.01 titled “Consideration of funding proposals” and its addenda. The Co-Chairs explained that, in line with the approach taken at B.19, they would invite the Secretariat to give a general overview of the funding proposals to be considered for approval. Following this, the Board members would be invited to make general comments about the batch of proposals before considering them for approval one by one.

536. A Board member requested that all projects be discussed and decided on as a single package, in line with the approach taken at the eleventh meeting of the Board (B.11). Noting that several important items were still to be discussed at the meeting, they urged the Board to proceed swiftly with the consideration of proposals, which, despite their imperfections, were of a generally high quality and had been subject to rigorous review by the Secretariat and independent TAP. The Secretariat had also provided the Board with detailed responses from AEs to questions submitted by Board members in advance of the meeting (through a limited distribution document). The Board member argued that adopting a single decision on the proposals would send a clear signal to the international community of a unified Board and a well-functioning institution in the run-up to COP 24.

537. The Co-Chairs indicated that the approach they had proposed had been effective when used at B.19 and would give Board members an opportunity to comment on projects individually.

538. Two Board members expressed support for the suggestion to deal with the funding proposals in a single package. One of them highlighted that this did not preclude the possibility of making suggestions for improvements to individual projects; they noted that the Board had been in a similar position at B.11 in the run-up to a COP where it had also been necessary to send a political signal.

539. Several Board members voiced their support for the process proposed by the Co-Chairs, underlining that the proposals deserved the individual attention of the Board. Two Board members noted that they had questions for the Secretariat and AEs regarding individual projects, which had not been fully dealt with in advance of the meeting. One Board member reminded the Board that other COPs had taken place since B.11, and other non-package approaches to considering funding proposals had nevertheless been taken. Another Board member argued that a more appropriate political signal would be sent by addressing the governance issues faced by the Board.

540. The Board member who had put forward the initial proposal made the alternative suggestion of treating the three projects submitted through the SAP as a single package.

541. One Board member also made general comments regarding the funding proposals. They noted with concern that the package was not balanced in terms of mitigation, adaptation and cross-cutting projects. Referring to document GCF/B.21/10/Rev.01, they questioned the accuracy of the proportion of vulnerable countries targeted by the funding proposals up for approval as presented in figures 1 and 2 of that document. They estimated that 25 per cent of the projects addressed SIDS and LDCs, and 56 per cent targeted SIDS, LDCs and African States. It was important to have access to accurate data to make an adequate assessment of the portfolio. In addition, the Board member expressed their opposition to the use of tranche disbursement, as proposed in FP082, FP083 and FP086, on the basis that there were currently no guidelines on this approach and it would place a burden on the budget when managing the pipeline of future projects.

542. The Co-Chair invited the Secretariat to present an overview of the proposals.

543. A representative of the Secretariat introduced the 20 funding proposals presented for approval at B.21. They outlined the projected portfolio of GCF if all 20 were approved and

presented the geographical distribution, thematic areas, financial instruments used, and level of co-financing. The presentation also included the expected reduction in emissions as well as the number of beneficiaries from the increased resilience to climate change and the distribution of the portfolio across the eight results areas.

544. The Co-Chairs thanked the representative of the Secretariat for their presentation and invited the Board to make general comments on the package of funding proposals. This would also provide the Secretariat and AEs with guidance for future submissions.

545. Referring to the estimate given in the presentation of a 1.5 gigatonne reduction in CO<sub>2</sub>eq as a result of the projects and programmes over their lifetime, a Board member requested that the figure be broken down into annual impacts in future presentations. Another Board member requested more information in future on the distribution of funding proposals according to results areas. They also expressed concern regarding regional distribution, the number of projects targeting LDCs, SIDS and African States, and the balance between mitigation and adaptation. They called for funding proposals to present a clear climate rationale and alignment with the Paris Agreement on the basis that the GCF was not designed to fund traditional development projects.

546. A Board member expressed support for the comment made before the presentation regarding tranching, underlining that this did not represent good practice. Another Board member asked for more information on the current level of tranching and whether it would imply changes to the portfolio figures given in the Secretariat's presentation.

547. Noting the high proportion of private sector projects in energy access and generation across the GCF portfolio (assuming the 20 funding proposals would be approved), a Board member said they were pleased that this reflected the message given by Minister Sheikh Mohammed bin Khalifa al Khalifa during his speech on the eve of the Board meeting. This was an area where public subsidies were no longer required.

548. The Co-Chairs adjourned the item and closed the second day of the meeting.

549. The Co-Chairs reopened the agenda item the following morning and invited the Board to continue their general discussion of the funding proposal package. The points made in the discussion are grouped below according to topic.

### **Funding proposal review and approval process**

550. A Board member noted with appreciation that extensive opportunities had been provided to interact with the Secretariat and the TAP regarding the proposals, including at the Information Forum for advisers and observers in Bahrain prior to the formal Board meeting, and through the questions and responses document mentioned in paragraph 536 above. Another Board member requested that if proposals were ready earlier than the 21-day deadline they should be published individually.

551. A Board member reiterated the request made by other Board members on the previous day that the funding proposals be considered as a package. Another Board member proposed that a committee be established to consider funding proposals between meetings to reduce the workload of the Board. With the support of the Secretariat, the committee could draft a paper outlining the issues to be addressed in the proposals and only those projects that had addressed these issues would be recommended to the Board. Where required, AEs would be invited to attend Board meetings.

552. A further Board member said that while they agreed that the current process was inadequate, a better solution was the two-stage approval process, which was to be discussed under agenda item 26(d) (this item was not opened at the meeting). In this process, only



concept notes satisfying the investment criteria of the Board would be developed into full proposals. It would also allow AEs with limited capacities to submit multiple concept notes and then to focus their efforts on only those projects with funding potential. The workload of the Secretariat would also be reduced, given that under the current practice they were obliged to conduct a full review of all funding proposals submitted. In addition, the Board member urged the Board to empower the independent TAP and the Secretariat to submit for approval only those proposals that met the investment criteria of the Board.

553. A Board member expressed their satisfaction with the fact that three proposals were under consideration that had been submitted through SAP. However, they noted the comments made by independent TAP that SAP003 presented deficiencies in terms of climate rationale, potential for paradigm shift and replicability.

### **Overall quality and alignment with strategic priorities and policies**

554. Highlighting a general alignment with the strategic priorities of GCF, two Board members said that they had noted an improvement in the overall quality of the funding proposals over the last few Board meetings. Another Board member voiced concern regarding the quality of some of the funding proposals presented. While one Board member said that the climate rationale had generally been strengthened across the proposals, which they attributed to the early involvement of the senior management team, another Board member noted that the independent TAP had identified further room for improvement in this area. One Board member called for model projects with transformational potential to be identified.

555. A Board member underlined that the potential for paradigm shift had generally been rated highly by the independent TAP, and that country ownership and efficiency and effectiveness had improved. Another Board member called for more clarity on the potential for paradigm shift and long-term behavioural change in the TAP assessments. A further Board member noted that some of the projects were characterized by a business-as-usual approach; they had the impression that some projects focused more on securing financing than achieving a paradigm shift. This Board member also called for clearer justification of the financing instrument and level requested. To achieve its objectives, GCF needed to target those projects that would produce the greatest impact.

556. In relation to country ownership, a Board member raised a concern that NDAs and ministries were applying pressure on AEs to submit proposals on their behalf. Stressing that this undermined country ownership, they called for this practice to stop.

557. Several Board members underlined the need to close gaps in GCF policies so that funding proposals contributed more directly to achieving the GCF mandate. Highlighting that this need had been raised at several Board meetings, one member said that it related to guidance not just on climate rationale but also on concessionality with a view to providing developing countries with clarity and predictability on the assessment of funding proposals. Another Board member said that the lack of policy guidance from the Board led to some quality deficits in funding proposals regarding transformational impact, additionality of GCF funding and the necessary policy environment for interventions. Referring to the comment made by a Board member the previous day regarding the rigorous review of proposals by the independent TAP and the Secretariat, a Board member said that while they had confidence in those reviews, the independent TAP often expressed reservations regarding proposals brought to the Board. They attributed this to GCF policy gaps.

558. Another Board member also voiced their regret that policies had not yet been adopted in accordance with the Board's long-standing intentions; they affirmed, however, that it should not be the aim of GCF to achieve a complete policy package but to align policies with the realities faced by developing countries. A further Board member expressed the wish that the funding



proposals be considered based on their fulfilment of COP decisions and GCF policies and not on political considerations.

559. A Board member noted with satisfaction that several of the projects were highly replicable and innovative, highlighting the use of batteries in FP090 to reduce problems with the intermittent generation of electricity and the ecosystem-based adaptation approach taken in FP084.

### **Balance and prioritization of funding proposals**

560. A Board member welcomed the fact that three funding proposals from DAEs were under consideration; however, they called for further efforts to ensure an increase in this number in future. Another Board member suggested that the Readiness Programme and PPF be recalibrated for the benefit of DAEs.

561. Several Board members raised concerns about the number of funding proposals in the package related to large multi-country programmes. Highlighting that such programmes were complex and risky, one Board member noted with concern that co-financing had not been secured across the board and that the subprojects were not presented in detail. It was therefore unclear what the overall programme was aiming to achieve. Noting the increase in proposals for programmatic approaches channelling funding to local financial institutions, two Board members said that the selection criteria for subprojects were currently unclear. One member requested that the Secretariat and the relevant AEs improve these criteria and include them in the FAAs.

562. While one Board member welcomed the fact that a significant amount of funding in the package targeted LDCs, SIDS and African States, another Board member called for more projects to be proposed in these countries as well as more small-scale and SAP projects and projects implemented by DAEs. Another Board member noted an imbalance in the distribution of funding across regions and a degree of country concentration. Several Board members expressed their satisfaction at the inclusion of adaptation projects and projects targeting MSMEs; however, two Board members noted with concern that GCF continued to shift towards a focus on mitigation projects. Another Board member said that some projects could be improved by adding more mitigation measures, for example, by promoting the use of energy efficient appliances in FP093, identifying alternatives to diesel aggregates as backup in FP096, and including parking restrictions and fees during peak hours combined with improved bus operation in FP085.

### **Financial instruments**

563. Several Board members voiced concerns regarding the disbursement of funds in tranches. One Board member highlighted that GCF did not yet have a policy on tranching. Another Board member proposed that the approach be applied on a case-by-case basis. Several Board members suggested that only the first tranche be approved and that further tranches should be considered independently given that wholesale approval of future tranches would lead to a reduction in the overall commitment authority available to other projects. Referring to a multi-country programme proposed by the AE that had received the largest amount of GCF funding so far, one Board member suggested that only the first tranche should be approved in this case, too. Two Board members expressed support for the tranching approach, explaining that it was an example of sound management of scarce financial resources. It would allow GCF to finance large numbers of projects and evaluate the results before deciding on the allocation of the remaining funding.

564. Recalling decision B.15/05 and its annex, which referred to the passing on of GCF concessionality to the recipients of projects and programmes, a Board member questioned whether developing countries were reaping the full benefit of the concessional loans provided by GCF.

### **Completeness of documentation**

565. Several Board members noted shortcomings in the environmental and social reports and disclosures of a number of funding proposals. Highlighting that the lack of coordination across these documents, a Board member noted that several disclosure documents were very general, and some did not even define target countries. Some projects did not envision distributing the environmental and social impact assessment (ESIA) to the Board or to other GCF stakeholders before project implementation. Another Board member underlined the importance of compliance with the ESS policy to maintain the credibility of the commitment of the GCF to transparency with regard to civil society and the private sector. Two Board members called for the issue to be addressed at the next Board meeting. One Board member requested the Secretariat to ensure that ESS disclosure documents are posted on the GCF website in addition to the websites of the AEs by the specified deadline.

566. A Board member noted with concern that some funding proposals did not list the exact locations of project activities, nor was the precise nature of interventions always specified where this differed from country to country within multi-country programmes.

### **Resource efficiency and water tariffs**

567. A Board member called for more focus on resource efficiency, including the calculation of lifecycle costs and an analysis of the potential for energy efficiency and more efficient use of water.

568. Another Board member proposed that the application of increased water tariffs could improve the overall impacts of several projects, namely SAP003, FP086 and FP091.

### **Risk analysis and risk mitigation measures**

569. A Board member stated that risk analysis and risk mitigation measures needed to be improved in some of the project proposals. Multi-country programmes, such as funding proposals 092, 095 and 099, introduced risks that should be broken down for each country. Another Board member pointed out that a number of proposals did not include a conflict sensitivity analysis. This was an important part of the risk assessments because it gave the project participants an understanding of the possible social conflicts and adverse impacts of the projects.

### **General comments**

570. A Board member called for the practice of considering proposals from countries hosting Board meetings to be reviewed. For example, it took time to process country-specific knowledge gained during off-site meetings before it could be used to inform the consideration of projects.

571. A Board member voiced their support for many of the views expressed in the general discussion of funding proposals, noting, however, that they were made at each Board meeting. Another Board member said that terms such as “climate rationale” were used frequently by Board members but that they did not have a precise definition. Noting the high turnover of Board members, they reminded the Board that GCF had been created to address climate change; it was not about developing countries requesting money from developed countries but had been

created by a COP decision in order for developed countries to deliver on their financial commitments. Highlighting that the Board had been inconsistent in its prioritization of the contrasting needs to approve funding proposals and to address policy gaps, the Board member said that GCF should not look to impose policies but to help meet the debt owed to developing countries. They said that GCF provided an opportunity to developed countries to achieve climate change mitigation at a lower cost than by reducing emissions domestically. In addition, they noted with regret that much emphasis was placed on calculating the total volume of global investment in climate finance, such as in the Biennial Assessment of the Standing Committee on Finance, but that small individual projects were not approved owing to concerns that they targeted development rather than climate priorities. This did not send a good signal to the Polish presidency in the run-up to COP 24.

### **Comments by an active observer for civil society organizations**

572. An active observer for CSOs urged for a greater prioritization of funding proposals from DAEs. Highlighting the importance of informing affected communities of the impacts of potential GCF projects, they noted with concern that environmental and social impact information on two high-risk funding proposals had been disclosed 90 days after the deadline. They said that the five intermediation programmes under discussion had transparency and accountability issues and stressed that increased intermediation made it difficult for projects to comply with GCF policies. The observer stated that funding proposals from a country hosting a Board meeting should not be considered for approval at that Board meeting. Noting that many of the potential projects could affect indigenous people, they expressed concern that the proposals generally did not address the rights and traditional knowledge of these people and called for the GCF Indigenous Peoples Policy to be integrated into all proposals. They said that SAP should not be used to approve the phases or tranches of larger projects. Finally, the observer stated that the extension of reimbursable grants to private sector projects, which served as a risk guarantee or first tranche loss, was inappropriate given that these might never be repaid.

### **Responses from the Secretariat**

573. The Co-Chairs thanked the Board members and the active observer for CSOs for their comments, underlining the need to address policy gaps so that projects would ultimately be approval-ready when presented to the Board. They invited a representative of the Secretariat to respond to the comments.

574. In response to the request for an annual breakdown of the overall impacts of mitigation projects, the Secretariat representative explained that each project had a different implementation timeline. In future, the Secretariat would aim to report both mitigation and adaptation impacts on a project-by-project basis. Regarding the regional distribution of projects in the projected portfolio (assuming the approval of all 20 proposals in the current package), they clarified that 33.2 per cent of projects would fall within the Asia-Pacific region, 24.9 per cent in Africa, 1.4 per cent in Eastern Europe and 24.1 per cent were cross-regional. Correcting a figure in document GCF/B.21/10/Rev.01, they further explained that the share of adaptation projects in the portfolio prior to B.21 was 40 per cent in nominal terms.

575. The representative informed the Board that the Secretariat was endeavouring to improve the climate rationale of project proposals, for example, by holding meetings to discuss how concept notes addressed the matter and by engaging with the World Meteorological Organization to build in-country capacity to ensure that the climate rationale of projects took into account differing climate contexts. In addition, the Secretariat was working with international experts through communities of practice to enhance climate rationale across the eight results areas of GCF.

576. The Secretariat representative agreed that there was strong and increased engagement of the private sector in renewable energy and energy efficiency markets in large developing countries. They underlined, however, that GCF funding was still needed to catalyse private investment, particularly in more difficult markets such as SIDS, LDCs and some African States. Regarding the issue of tranching approvals and disbursement, they underlined that tranching was an effective financial, operational and strategic management tool. It was not intended for projects such as the construction of solar photovoltaics that required full GCF financing to ensure that the full impact was realized. Rather, some of the multi-country programmes could be tranching into stages to ensure that AEs demonstrated the capacity needed for implementation. In the case of financial institution programmes, the Secretariat found that many of the institutions needed to build their capacity before taking on investments. Hence, some tranching could work. From a financial management standpoint, the Board could review the results of the first tranche disbursements (i.e. the mitigation or adaptation targets) and could then approve and release further tranches. The Secretariat was also vigilant in assessing whether large funding requests were commensurate with needs or whether the same impact could be achieved with a smaller amount. Finally, it was also important to ensure that larger commitments requested by larger entities with a long disbursement horizon did not prevent smaller projects from DAEs, which could implement projects quickly.

577. Regarding financial intermediation programmes, the representative underlined that GCF had been set up to carry out secondary due diligence and therefore needed intermediation programmes to reach small and medium-sized enterprises and vulnerable communities. In this way, the capacity of local banks could be built so that in the future they could seek accreditation themselves through direct access.

578. A second representative of the Secretariat clarified that any future tranches for projects taking this approach would be subject to Board approval. Furthermore, AEs would be required to use 75 per cent of funds disbursed to them before requesting further disbursements; this would accelerate implementation.

579. The Co-Chairs thanked the members of the Secretariat for their responses.

## Part 2

580. The Co-Chairs informed the Board that the funding proposals would now be considered individually. The AEs would be available to answer questions from Board members.

### **Simplified approval process funding proposal 002 titled “Climate services and diversification of climate sensitive livelihoods to empower food insecure and vulnerable communities in the Kyrgyz Republic” by the World Food Programme**

581. The Co-Chairs opened simplified approval process funding proposal 002 (SAP002), as contained in document GCF/B.21/10/Add.33; and Add.34 (limited distribution).

582. A representative of the Secretariat presented the proposal, which requested USD 8.58 million in grants to address the increased climate risks of rural people in Kyrgyzstan by providing better climate information, strengthening the resilience of agricultural systems, developing local adaptation planning and diversifying livelihoods. This would strengthen the economic resilience of communities in the face of greater risks to the agricultural sector.

583. The Co-Chairs opened the floor for comments.

584. A member of the Board requested that the SAP projects be considered as a package on the basis that they were pilot projects.

585. The Co-Chairs asked Board members if they agreed to considering all three SAP projects together.

586. A Board member said that they wished to discuss each project in turn.

587. Several Board members voiced support for considering the SAP proposals as a package. A Board member recalled that a proposal had been made with the support of several Board members on the previous day to consider the SAP projects together; this proposal had been made by way of a compromise on the basis that the SAP projects were different in nature to other funding proposals. Another Board member underlined that SAP had been designed to give vulnerable countries quick access to GCF and that the Secretariat had already reviewed the funding documents. They expressed the desire for any objections to the consideration of the SAP proposals to be explained.

588. The Co-Chairs invited Board members to provide their reasons for not wishing to consider these proposals as a package.

589. A further Board member said that they also wished to discuss the proposals individually because it was in line with practice from B.19 and it gave the Board the opportunity to raise individual concerns about projects.

590. Another Board member highlighted that, while the total funding amounts for SAP projects were smaller when compared with other GCF projects, they were large in absolute terms, particularly considering that they were provided by taxpayers.

591. The Board member who had requested this explanation asserted that the Board process for considering different types of proposals should take into account their differing sizes. They suggested that in future it may not be necessary for the Board to discuss SAP proposals at all, and further maintained that using an efficient process to approve SAP projects would send an important signal in the run-up to COP 24. Reminding the Board that all developing countries were entitled to access GCF, the Board member said that the challenges faced by the Board were related to a lack of political will rather than governance concerns. Urging Board members to consider the proposals from a climate change perspective rather than the financial perspective of an MDB, they reiterated their request for the SAP projects to be approved as a package.

592. The Co-Chairs asked Board members again if they agreed to considering all three SAP projects together.

593. The Board member who had initially objected to the suggestion to consider the SAP projects as a package reaffirmed their wish for the Board to consider projects individually.

594. One of the Board members who had expressed a preference to consider the proposals as a package said that they were nevertheless willing to engage with the process as decided. They hoped that the three projects would be approved so that future SAP proposals could learn from them.

595. Expressing support for the approach to consider all the SAP projects as a package, a Board member said that they did not believe that the proposal had been to either adopt all or reject all three projects but to consider the pilot programme as a whole and make suggestions for improvements. This discussion would be based on the detailed assessment of the independent TAP contained in the SAP proposals. They asserted that risk-taking was inherent to SAP, which was a pilot programme for small-scale projects. Approving more SAP projects and encouraging accelerated implementation by AEs would mean the initial USD 80 million allocation for SAP could be reached sooner, triggering a review of the whole programme. The Board member urged their colleagues not to raise concerns on individual projects, which belonged to a wider discussion about eligibility criteria. They further maintained that the focus should be less on sending a signal to



COP 24 and more on taking risks with pilot programmes and innovative technologies to inform larger future projects. They recalled that a risk had been taken in the past regarding the approval of a project that had been assessed as high-risk by the independent TAP. Finally, the Board member urged the Board to approve all three SAP projects in the current batch and address any reservations they had by attaching conditions, whereby the Secretariat would inform the Board as to the viability of implementation under those conditions.

596. A further Board member also voiced their support for a package approach to SAP approvals, maintaining that a lengthy Board discussion was not in keeping with a simplified approach to approvals.

597. An active observer for CSOs expressed strong disapproval for the proposal to consider separate funding proposals together. Reminding the Board that SAP was in its pilot phase, they maintained that the consideration of three SAP projects individually was an opportunity to assess the kinds of projects that were appropriate for the process.

598. The Co-Chairs noted the views expressed on the general approach to the consideration of SAP projects by the Board. They invited the Board to approve SAP002.

599. With no further comments and no objections, SAP002 was approved.

### **Simplified approval process funding proposal 003 titled “Enhancing climate resilience of the water sector in Bahrain” by the United Nations Environment Programme**

600. The Co-Chairs opened simplified approval process funding proposal SAP003, as contained in documents GCF/B.21/10/Add.35; and Add.36 (limited distribution).

601. A representative of the Secretariat introduced SAP003. The project was submitted by the United Nations Environment Programme, the AE, which requested USD 9.8 million in grants from GCF. The total project amount was USD 11.8 million. The project aimed to improve water resources management in Bahrain and integrate climate change considerations into water sector planning and management.

602. The Co-Chairs invited the Board to approve the funding proposal and opened the floor for comments.

603. In the first session of discussion on SAP003, a number of Board members expressed support for the project, noting, for instance, the recommendation by TAP, the fact that the project country was a SIDS, and the project’s small scale and use of the SAP. Several other Board members expressed reservations about the project regarding, for example, its climate rationale, its potential for paradigm shift as well as the request for grant funding. One Board member said that they could not support the project. In further sessions, Board members addressed Board processes, the need to set deadlines for consultations on the margins of the meeting and whether to use a procedure for decision-making in the absence of consensus. The project was approved on the final day of the meeting under a reduced scope and funding allocation.

604. In terms of the relevance of the project, various Board members underlined the importance of addressing issues of water scarcity and access to clean water. Several Board members noted that Bahrain was vulnerable to climate change and that water scarcity in the country was, to some extent, a result of climate change. Highlighting that Bahrain’s public finances were currently dependent on oil revenues, a Board member said that GCF funding could be a part of efforts to diversify the economy and place it on a climate-resilient trajectory. However, several Board members raised concerns with the project approach to addressing these issues and requested further clarification. One Board member said that they had the impression that the project proposal had been rushed.



605. Highlighting the geopolitical problems that resulted from water scarcity, including climate change migration as well as the fact that most of the Board members with reservations regarding the project were from countries with an abundant water supply, a Board member noted that Bahrain had been water stressed throughout its history. They reminded their colleagues that Board members did not own GCF funds but were responsible for managing them. Another Board member highlighted that the project had been designed to benefit schools, mosques and those living in low-income housing.

606. A number of Board members highlighted shortcomings in terms of climate rationale. Several pointed to the independent TAP assessment that the projected increase in water demand identified in the proposal was primarily due to non-climate related factors, and no effective measures had been taken to address those factors. One Board member concluded that the project proposal addressed development rather than climate-related aims. A Board member said that their chair's climate and water specialists had observed a misalignment with GCF criteria, which would limit the uptake of climate mitigation and adaptation results. Another Board member underlined that climate rationale was an important metric in the project assessment and approval process.

607. Several Board members said that the climate rationale of the project was well justified. A number of them underlined that Bahrain was a SIDS and as such more vulnerable to climate change. One Board member pointed to the contamination of water resources because of the rise in sea levels and an increase in water consumption due to the rise in temperature. Another Board member highlighted that Bahrain's relative prosperity did not change its status as a SIDS. Further stressing the timeliness of the proposal to address water scarcity, they said that the cost of inaction would be high. Three Board members underlined that climate rationale did not have a simple, unified definition; one reminded the Board that Article 2 of the Paris Agreement recognized the importance of considering different national circumstances: Bahrain experienced climate-related challenges specifically in the water sector.

608. Several Board members expressed concerns with the proposal in terms of its potential to contribute to a paradigm shift. One highlighted that according to the independent TAP assessment, this could not be envisaged in the funding proposal. In this context, two Board members expressed concerns that the policy reforms would not give rise to significant impacts. One questioned whether changes in water management would lead to the intended improvements on the demand side; the other said that based on the policy reforms presented, they did not envisage the kind of paradigm shift that GCF projects were expected to produce. A Board member said that given the link between the proposal and a potential second phase addressing water use in fossil fuel exploitation, the project posed a high risk for GCF in terms of the achievement of a paradigm shift. Another Board member said that GCF should not support a potential locking-in of the oil and gas industry.

609. A Board member underlined that risk-taking was part of the business of GCF. Stressing that the risk of not taking action to approve projects was greater than the risk of taking action, they recalled that GCF had lost USD 1 billion as a result of foreign exchange movements, whereas the funding allocation under discussion amounted to only USD 9 million. However, another Board member highlighted that GCF had not lost any money in foreign exchange transactions; GCF received contributions in many different currencies and the values of these contributions moved with financial markets.

610. A further Board member stated that GCF should not oppose projects on the basis that they involved the fossil fuel sector, rather it should extend a hand to that sector in order to work together to achieve a paradigm shift.

611. Two Board members emphasized that GCF had not clearly defined the meaning of a paradigm shift. One of these Board members said that achieving a paradigm shift was about

creating an enabling environment and driving behavioural change beyond the funding provided by GCF. The other Board member reminded the Board that the Governing Instrument referred to the promotion and not the achievement of a paradigm shift. Noting that Board members would find it difficult to identify paradigm shifts that had been achieved since the establishment of the UNFCCC in many areas, the Board member said that the concept should not be used as an argument to oppose a project.

612. A number of Board members underlined the fact that the independent TAP had raised various issues with the project in its assessment presented in document GCF/B.21/10/Add.35. Several other Board members stressed that TAP recommended the project in its assessment. One of these highlighted that the independent TAP recommendation had been used as an argument in favour of past approvals. Emphasizing the rigorous reviews to which projects were subjected through the Secretariat and TAP, a Board member expressed the view that colleagues with concerns were making a biased interpretation of the TAP assessment, which, in fact, stated that climate change would be a prominent factor in the escalation in water demand in the medium to long term. In addition, the Board member said that while the independent TAP had made unclear assessments on adaptation projects in the past, previous Board feedback to the TAP had indicated that any project addressing water scarcity caused fully or partially by climate change should be considered an adaptation project. Another Board member stressed their support for GCF procedures and said there was a division of labour between the Secretariat, TAP and Board regarding the assessment of projects.

613. Regarding sustainability, a Board member questioned whether the measures for water savings would continue into the long term given the high per capita water consumption in the project region. They had concerns regarding the water-saving devices that would be provided under the project and whether the beneficiaries would have the capacity and willingness to use them. The Board member also questioned whether the approach taken on the implementation of water tariffs would lead to adequate cost recovery and reduced water consumption.

614. Another Board member said that the proposal was for a small-scale project by comparison with other GCF projects but promised long-term benefits for Bahrain. A further Board member questioned how many projects approved by the Board were sustainable in the long term.

615. Highlighting that the project focused on building the capacities of the Water Resources Council, a Board member expressed doubts regarding the choice of the National Oil and Gas Authority as the EE rather than the council itself. Two Board members said that it was the choice of the individual countries to select entities to implement projects; one highlighted that GCF funding was to be managed collectively and that representatives of contributor countries should not make requests of developing country governments.

616. A Board member voiced their regret that a proposal from a country hosting a Board meeting was being opposed; to avoid embarrassment in future, they proposed that project proposals from hosting countries not be considered at Board meetings. Another Board member made the same proposal on the basis that this caused project proposals to be rushed. A further Board member said that while there should be good reasons for a host country to submit a project, the current discussion was about whether the project had paradigm shift potential: they affirmed that Bahrain itself had achieved a paradigm shift in its use of water resources.

617. Two Board members said that only technical and climate change criteria should be considered in the approval process and not the fact a country was hosting a Board meeting. One of these Board members said that according to this logic, the host countries of MDBs would not be entitled to funding from those institutions. All developing countries were eligible for funding from GCF. Two further Board members underlined that their support for the project was not because it had been presented by the host country but that it had been recommended by the

TAP and Secretariat; one urged developed country Board members to listen to developing country Board members regarding the approval of the project as they spoke with one voice.

618. Several Board members sought clarification regarding the use of grant financing in the project. One Board member reminded the Board that a previously approved project on water scarcity in the United Republic of Tanzania (funding proposal 041) had been based on loans. Another Board member highlighted that Bahrain had been a net importer of oil since 2009, ran a significant budget deficit and, according to credit agencies, would have a low chance of obtaining loans from other sources. They therefore supported the request for a grant to fund the project. They also underlined that the Board had approved grants for private sector organizations, which could mobilize funds from other sources; the Board should treat AEs equitably.

619. Noting that the project appeared to be the first phase of a larger project, a Board member questioned the use of SAP for such a proposal. Another Board member said that the fact the project was in an initial phase made it suitable for SAP – along with its small scale and its focus on strengthening capacities at local level. Underlining that SAP was designed to benefit LDCs and SIDS by shortening the process of project approval, another Board member called for SAP projects to be treated differently from other projects. Two Board members noted that SAP projects were not supposed to be subject to lengthy discussions; one expressed concern that an SAP proposal might not be approved because of one objection.

620. A Board member said that the issues in the proposal that caused them concern were the result of policy gaps in GCF. Another Board member said that while the policy vacuum led to vague assessments by the TAP, a lack of guidance on policy had not prevented the Board from approving larger projects in the past. A further Board member stressed that the Board was ultimately responsible for deficiencies in funding proposals given that the latter were based on the guidance of the Board.

621. Regarding the way forward on the consideration of SAP003, a Board member urged their colleagues to attach conditions to the proposal rather than reject it. Another Board member suggested that either the consideration of funding proposals be suspended until all policy gaps had been filled or that the independent TAP, the AE and a representative of the Secretariat be invited to respond to questions from Board members who had voiced concerns regarding the project.

622. An active observer for CSOs said that they spoke for developed and developing country CSOs in expressing very strong concern regarding the proposal. While they firmly supported SAP and recognized the serious water issues faced by Bahrain, which were exacerbated by climate change, they stressed that financing the project would pose serious reputational risk to GCF. The requested funding for phase 1 would help set up a second phase of the project, which involved the reuse of wastewater from oil and gas production. While such activities could form part of a strategy to transition away from fossil fuels, the project did not reference any such transition and therefore risked subsidizing the expansion of oil and gas operations. This could set a negative precedent for other proposals. They highlighted concerns raised by the independent TAP over the project's ability to meet the GCF investment framework criteria. Representatives of CSOs in Bahrain had highlighted the potential environmental impacts of the significant levels of land reclamation carried out in Bahrain in recent decades. This could be a larger factor in the salinization of aquifers than sea level rise. The observer further questioned the gender-sensitive development benefit of the project. Finally, they said that the proposal was for a larger project that had been divided into tranches, which was not a suitable use of SAP.

623. The Co-Chairs thanked everyone for their comments. Noting that many points had been raised, they called on the Secretariat to work with the AE on the margins of the meeting and

attempt to respond to the concerns of Board members. The Board would reconsider the proposal once those discussions were complete.

624. Two Board members called for these discussions to be conducted swiftly. One of them underlined that the proposal should not become politicized and requested that the Board be kept abreast of progress in the consultations.

625. The Co-Chairs adjourned the discussion on SAP003.

626. Later in the afternoon of the third day of the meeting, a representative of the Secretariat informed the Board that the consultations on SAP003 were ongoing.

627. Two Board members called for a deadline to be set for these discussions; one requested that concerns be addressed through conditions so as not to delay the approval process further. Another Board member asked for deadlines to be placed on consultations on other action items as well.

628. The Co-Chairs said that while deadlines were welcome, these needed to be realistic. For SAP003, they proposed that it be reconsidered as the first item on the fourth day of the meeting.

629. One Board member expressed opposition to this deadline; while they recognized the importance of the other items on the agenda, they objected to the opening of these items before approval decisions were made on the funding proposals.

630. The Co-Chairs said that it was also their aim to attempt to close all funding proposals by the end of the day.

631. The discussion was adjourned.

632. A further update was given by the Secretariat later in the evening. Consultations were ongoing. The Co-Chairs reiterated a deadline of the next morning.

633. The Co-Chairs reopened the discussion on funding proposals on the final day of the meeting.

634. A representative of the Secretariat updated the Board on the consultations relating to the outstanding funding proposals. Regarding SAP003, they reported that conditions addressing Board members' concerns had been developed but that these had not been agreed by all parties.

635. The Co-Chairs thanked the Secretariat representative and informed the Board that the consideration of this and the other funding proposals under consultation (funding proposals 082, 083 and 095) would continue later. (A discussion ensued regarding the procedure for dealing with all four pending funding approvals; this general discussion is presented here.)

636. A Board member called for the consultations on outstanding funding proposals to end. They expressed the concern that points were being raised in the discussions on the margins of the meeting that had not been raised in plenary. They asked Board members who had expressed reservations on the projects to state whether these were related to climate rationale or to the eligibility of the recipient country. Clarity on the matter would help direct future discussions. They underlined that all developing countries were eligible for GCF funding under the UNFCCC and based on moral and historical obligations.

637. Stressing that all Board members acted in the best interests of GCF, the Co-Chairs urged the Board to move on to consider other important agenda items. They noted that considerable progress had been made in approving funding proposals so far at the meeting and proposed that consultations continue.

638. A Board member who had expressed reservations regarding another funding proposal assured the Board that all the issues that had been raised during consultations had been previously raised in the boardroom.

639. Two Board members said that they shared the impression that the opposition to the pending project proposals was not technical but political. Underlining that middle- and high-income countries were eligible for GCF funding, one of these Board members called for a vote to be taken on the approval of the project using the procedure that had been applied in the past for decisions on the selection of the executive director and the host country of GCF (discussed under agenda item 8(c)). Several Board members voiced support for this proposal. One underlined that this was consistent with paragraph 14 of the Governing Instrument, given that consensus had not been reached.

640. The Co-Chairs proposed that the Secretariat identify the voting procedure to be taken. In the meantime, they suggested that the Board consider other agenda items.

641. Reminding the Board that decision-making in absence of consensus was an open agenda item at the current meeting, a Board member urged the Board to adopt a decision on that matter rather than applying an informal voting procedure that had been used in the past. Another Board member expressed support for this approach, adding that not all efforts to reach a consensus on the funding proposals had been exhausted; in accordance with paragraph 14 of the Governing Instrument, alternative decision-making procedures should therefore not yet be considered.

642. A Board member said that there was no need for the Secretariat to establish the appropriate procedure given that the mechanism applied in the past could be used. This was a clear case where such a procedure should be applied: the Board had reached an impasse whereby the objection of one Board member to a proposal was not accepted by another Board member. A further Board member underlined that the voting mechanism used in the past had been well documented. There was therefore no need to wait for the adoption of a procedure under agenda item 8(c); approval decisions were urgent and should be attended to immediately.

643. Noting the progress made on the funding proposals already approved, the Co-Chairs called for discussions relating to the outstanding proposals to continue. They said that not all efforts had yet been exhausted in attempting to achieve a consensus. In addition, they said that there was no consensus on whether to move to a vote on the approval of SAP003, and a consensus was needed to take that step.

644. A Board member expressed discomfort with conditions being attached to proposals because of negotiations outside the boardroom; for this reason, before projects were approved they asked AEs whether they were able to implement projects under the attached conditions. Underlining that GCF was a learning institution, they called for the Board to take a vote on the outstanding approvals, even though this procedure had not been used for funding proposals before. Furthermore, they said that while the modalities of such a vote were not formalized, it was within the authority of the Co-Chairs to ask for one according to the Rules of Procedure. They said that they were willing to accept decisions not to approve pending funding proposals based on voting. A Board member pointed out that the consultations might not lead to resolutions even if given more time; furthermore, funding proposals that had given rise to similar concerns to those currently pending had already been approved.

645. The Co-Chairs affirmed that putting project approvals to a vote at this point in the meeting would mean running the risk of rejecting projects that might otherwise have been approved had Board members had the opportunity to address their concerns.

646. A Board member called for items to be addressed in the order of the agenda; this meant closing funding approvals and accreditations before proceeding with other items. Noting that all developing countries were able to apply for GCF funding, they underlined the need for transparency in the consideration of proposals: if these were being opposed based on the recipient country, this should be stated clearly.



647. A Board member stated that the Board was best served by doing all the necessary preparatory work to achieve consensus on the adoption of decisions. Underlining that they had not experienced a meeting of any board in which items had been closed sequentially, they urged Board members not to use tactics but to focus on working towards agreement. Underlining that other multilateral organizations had effective mechanisms for decision-making in the absence of consensus, another Board member expressed the wish to adopt a formal procedure at GCF: it was not feasible to consider instances where the Board had not reached consensus on a case-by-case basis. They further noted that there was no consensus regarding the proposal to move to a vote on the outstanding project approvals at the current meeting.

648. Underlining that Board members from developing countries had attempted to prioritize the consideration of funding proposals at B.20, a Board member stated that the success of GCF was dependent on the approval of projects. They called on the Board to adhere to GCF policies in the consideration of funding proposals. They expressed grave concern with the fact that the selection of an oversight institution and an implementing entity by a national government was being called into question on the margins of the meeting; furthermore, a request was being put forward to change the financing instrument from a grant to a loan for a small-scale project. This was politically motivated and related to the recipient country rather than climate change priorities. The Board should have confidence in the assessments of the United Nations Environment Programme and the Secretariat with regard to SAP003. Underlining that the climate rationale for the project was based on the considerable water stress experienced in Bahrain, the Board member reminded the Board that similar projects and weaker proposals had been approved in other countries. They said that arguments related to paradigm shift and climate rationale were being used to oppose the project and reiterated their call for a vote on approval, explaining that this would involve a simple show of hands. Board members would then be invited to accept the majority view in order to achieve a consensus. They called on Board members to identify the section of the proposal that made mention of a second phase of the project involving the oil and gas industry. Furthermore, they highlighted the fact that paragraph 35 of the Governing Instrument required the GCF to finance technology development, including carbon capture and storage, which involved the fossil fuel sector. Noting the benefits of the oil and gas industry for society and the economy, they reminded the Board that one aim of GCF was to reduce the impacts of fossil fuel exploitation. They further called on developed countries to fulfil their commitment to GCF and not to use it as a political instrument.

649. The Co-Chairs said that they would call on the General Counsel to clarify the procedure for reaching a decision in the absence of consensus.

650. Another Board member expressed support for a vote to be taken regarding the pending funding proposals.

651. Referring to the comment made by a Board member regarding the use of tactics, a Board member stated that they had only ever acted in the interests of GCF. They said that they were not calling for a vote but for the application of a procedure for decision-making in the absence of consensus that had been used in the past. No legal advice was required. They highlighted that defining whether all efforts had been exhausted in the attempt to achieve consensus was a matter of debate. On this basis, they suggested that a deadline of lunchtime to be set for the consultations on the funding proposals. If it was decided that there was no consensus at that point, either the past decision-making procedure would be used or Board members would be invited to record their opposition without formally objecting to the approval.

652. The Co-Chairs welcomed the proposal to set a deadline of lunchtime for the outstanding funding proposals. They underlined that while some Board members were familiar with past practices for decision-making in the absence of consensus, it was important that all Board members understood the rules regarding this.



653. A Board member underlined that all developing countries were eligible for GCF funding. They questioned the utility of another round of potentially political consultations and expressed support for SAP003 on the basis that it was for a water sector adaptation project in a small island desert State.

654. A Board member requested clarification regarding the proposal made for the subsequent approval process at the meeting. According to their understanding, the suggestion was to adopt two consensus-based decisions: the first to establish that all efforts directed at achieving consensus on the funding proposal had been exhausted; and the second to apply the past procedure for decision-making in the absence of consensus. If this was the intention, the Board member requested that this approach be adopted as a formal procedure for the future.

655. A Board member requested a break in proceedings for a developing country constituency meeting to consider the proposal put forward regarding the further consideration of outstanding funding proposals at the meeting.

656. Noting that the developed country constituency would also meet, the Co-Chairs adjourned the discussion for constituency meetings.

657. A short while later, the Co-Chairs reopened the meeting and proposed that a deadline of 2 p.m. be set for consultations on open items, including funding proposals, after which they would be discussed by the Board. The discussion on SAP003 was reopened two more times during the afternoon. Updates were given by a representative of the Secretariat as well as a Board member whose chair was involved in the consultations. Further requests from Board members for deadlines were made. Noting that the proposal was for a small-scale project of limited complexity, the Co-Chairs asked for clarification on the outstanding issues. The representative of the Secretariat explained that proposals had been suggested, but that it was unclear whether the AE would be able to implement the project in accordance with those proposals under their current scope of accreditation.

658. The Co-Chairs ultimately reopened the discussion on SAP003 in the evening. Noting that a draft decision had been circulated to the Board, the Co-Chairs invited a Board member who had been involved in the consultations to present its contents.

659. Noting that the consultations had been very challenging for all parties, the Board member read out the decision text (as presented in decision B.21/15 below). The draft text referred to a funding amount of USD 2,158,500 approved for use exclusively under output 1.1 of component 1. The Board member highlighted that output 1.1 was titled “Enhanced institutional capacity and knowledge management to mainstream climate resilience into sectoral water management planning, with a focus on demand-side management”.

660. The Co-Chairs thanked the Board member and opened the floor for comments.

661. A Board member expressed their appreciation to those who had consulted on the proposal but noted with regret that the funding amount had been reduced from USD 9.7 million to USD 2.1 million. This was unfortunate for an SAP project. Another Board member also expressed their disappointment with this significant reduction as well as the manner in which it had been negotiated. They underlined that Bahrain was ranked the most water-stressed country in the world.

662. The Co-Chairs invited the Board to approve the proposal.

663. There being no further comments or objections, SAP003 was approved.

**Simplified approval process funding proposal 004 titled “Energy Efficient Consumption Loan Programme” by XacBank LLC**

664. The Co-Chairs opened SAP funding proposal 004 (SAP004) as contained in document GCF/B.21/10/Add.37; and Add.38 (limited distribution).

665. A representative of the Secretariat introduced SAP004, which requested USD 9 million in loans and USD 1 million in grants to influence consumers' buying behaviour towards energy-efficient heating appliances and construct energy-efficient houses by offering more affordable loans and, additionally, grants for monitoring and evaluation and the disposal management of old appliances.

666. The Co-Chairs opened the floor for comments.

667. There being no comments or objections, SAP004 was approved.

### **Funding proposal 082 titled “Catalyzing Climate Finance (Shandong Green Development Fund)” by the Asian Development Bank**

668. The Co-Chairs opened funding proposal 082 (FP082) as contained in document GCF/B.21/10/Add.01; Add.14 (confidential distribution) and Add.30/Rev.01 (limited distribution).

669. A representative of the Secretariat introduced FP082, a proposal submitted by the ADB requesting a first tranche of USD 100 million in loans for the Shandong Green Development Fund, a public mitigation and adaptation programme in the Shandong province in China, aiming to reduce 50 MtCO<sub>2</sub>eq of greenhouse gas (GHG) emissions and improve the resilience of 100 million people, with co-financing of USD 1.3 billion of public and private finance at the facility level and leveraging further finance at the subproject level.

670. The Co-Chairs opened the floor for comments.

671. In the initial discussion several Board members expressed support for the funding proposal while two expressed reservations regarding its current format. A Board member commended the funding proposal as an expression of the determination of the Government of China to address climate change seriously. However, they had concerns about the funding proposal with respect to a GCF investment for the following four reasons:

- (a) There was a lack of identification of subprojects or of robust and clear selection guidelines necessary to allow subproject approvals by the EE. The guidelines were buried in annexes and were insufficiently clear;
- (b) The additionality of GCF funding was unclear considering there were many providers of funds such as the local government, ADB, Kreditanstalt für Wiederaufbau (KfW) and Agence Française de Développement (AFD);
- (c) The proposal contained a research and development (R&D) cluster that was general and broad. Its climate impact was unclear, especially in the light of unclear investment criteria. They requested that this information be more visible; and
- (d) They had serious reservations about tranching and wished to know how tranching would be dealt with.

672. The Board member proposed that these matters could be resolved with manuals for selection of subprojects, the earmarking of funds, and the potential restructuring of the proposal.

673. A second Board member said that they had several concerns with the funding proposal, namely:

- (a) They supported views expressed by the preceding Board member regarding support for R&D in high-tech commercial products that was broad in scope and raised intellectual property considerations;
- (b) They had concerns about environmental disclosure for category A subprojects and asked what mechanism would be used for this.
- (c) A compelling case had not been made for the additionality of GCF financing.
- 674. The Co-Chairs invited the active observer for CSOs to take the floor.
- 675. The active observer for CSOs stated that civil society had a wide range of concerns, such as:
  - (a) This was a high-risk financial intermediation programme that provided few details of governance, related accountability and transparency, and determination of subprojects for a future time and at the sole discretion of the AE. They echoed comments by Board members regarding unclear financial additionality;
  - (b) Non-disclosure of all relevant programme documents 20 days in advance in accordance with the GCF IDP for high-risk projects. The active observers had only received some annexes requested on arrival in Bahrain. This should include public disclosure of all relevant annexes, noting certain exceptions related to some private sector activities;
  - (c) They shared many of the concerns of the independent TAP, including the funding proposal's complex financial structure, which did not lend itself to transparency or accountability. While welcoming devolved decision-making, it left GCF with no recourse if anything was not adequately implemented;
  - (d) While ADB would review the ESMS, it was unclear how the AE would provide ongoing guidance and supervision;
  - (e) Furthermore, they had reservations regarding the subprojects that would be supported by the Shandong Green Development Fund and the approach to project screening identified in annex 9 of the funding proposal. There was very little subproject detail. None of the three candidate subprojects included adaptation, which was concerning for a programme that was supposed to be 25 per cent adaptation. This was also the case with annex 12 of the funding proposal, where the principal objective of most concept notes was emission reductions, with adaptation only occasionally mentioned;
  - (f) They expressed concerns regarding the subproject assessment framework (annex 9 of the funding proposal) and the proposed operationalization. The weights of some investment criteria were undervalued, including those for sustainable development potential, needs of the recipient, and country ownership. To be in line with the GCF investment approach, each investment criterion had to be given equal treatment. Only then would a more holistic review of subproject proposals lead to good potential subprojects;
  - (g) They expressed reservations regarding the environmental and social management framework (ESMF) and ESS, the lack of a stakeholder engagement plan, and the acknowledged need for various updates required to the ESMF to comply with GCF standards, including for the involuntary resettlement likely to occur in category A subprojects; and
  - (h) Lastly, the gender action plan did not include budget or guarantee of a financial set-aside and, as submitted, spanned only 5 years of the 20-year programme implementation.

676. The observer proposed that one option would be to add some of the conditions already approved for the European Bank for Reconstruction and Development (EBRD) Green Cities Facility programme (funding proposal 086).

677. The Co-Chairs invited the Secretariat to respond.

678. A representative said that regarding additionality, the value of the GCF contribution was that it allowed better climate-related standards to be incorporated into the Shandong Green Development Fund. This resulted in a selection of subprojects to maximize mitigation and adaptation benefits and the leveraging of private funds into such activities.

679. The Co-Chairs invited the AE (ADB) to take the floor.

680. The ADB representative provided the following responses:

- (a) Identification and selection criteria: ADB had convinced the Shandong authorities to use an investment framework based on GCF investment criteria, detailed in annex 9 of the funding proposal. They had consulted with the Secretariat when weighting the criteria;
- (b) Research and development: they clarified that the Shandong Green Development Fund was not a venture capital fund and would merely provide the enabling environment to encourage R&D by other actors. They clarified that the programme only tackled infrastructure with climate objectives, and accepted the condition for the Shandong Green Development Fund not to finance R&D, which in any case received no funds from the Shandong Green Development Fund as a whole;
- (c) Tranching: ADB had followed the proposal of GCF, which was compatible with the disbursement plan; and
- (d) Disclosure: they clarified that the ADB disclosure requirements would be followed. No category A subprojects could be financed in terms of environmental risks. In terms of the resettlement categorization, category A subprojects may be funded (as the category A threshold, at 200 people, was very low), but such subprojects would have to be approved by ADB. The representative noted that ESS documents, including the grievance redress mechanism, were disclosed on 20 June 2018 on the GCF and ADB websites and the office of the Shandong Development and Investment Holding Group in Jinan, China.

681. Shandong Province thus complies with the 120-day requirement of the GCF IDP. Regarding concerns expressed that the programme was high risk, the representative noted the amount of work that had been undertaken to establish a good governance mechanism, which was endorsed by KfW and AFD.

682. Furthermore, they explained that the subprojects focused on mitigation because emissions in the province were the main problem but noted the strong adaptation component in two of the three example subprojects submitted.

683. Finally, they said that the Technical Assistance Programme was also funded via a loan from ADB, and that the EE would need to report for 20 years to the GCF following its Annual Performance Report template.

684. The Co-Chairs invited the Board to adopt the funding proposal.

685. The two Board members who had raised objections said they wished to engage in further discussions with the Secretariat and the AE.

686. Other Board members took to the floor to support the funding proposal on the basis of its strong potential in terms of impact, paradigm shift, transformational potential, and capacity to unlock capital for climate finance.

687. One Board member asked the Board to consider the funding proposal within the context of the wish of GCF to build a strategic approach and mobilize funds at scale. GCF could provide this kind of large-scale capacity-building through regional initiatives, such as in the Middle East. The Board should consider the broader strategic perspective and not be influenced by the country from which a proposal was coming. There was great potential for South-South cooperation to generate huge volumes of climate finance. A second Board member noted that it would generate more tonnes of emissions reductions than the current GCF portfolio and would have a great leveraging potential. It was also the kind of transformation GCF was seeking. They pointed out that in other cases, larger amounts had been approved for programmes with no subprojects; it was vital that the Board demonstrate a consistent approach to funding approvals. Another Board member said that large developing countries were often blamed for being big GHG emitters, yet this was an example of one of those countries seeking to be forward-looking. Furthermore, the numbers involved in this programme in terms of emissions reductions and beneficiaries were impressive, as was the leverage effect from a small GCF investment. The programme was also supported by serious institutions as partner organizations. Finally, it would generate a wealth of knowledge for South-South cooperation. Noting the importance of the public-private partnership structure of this proposal, another Board member underlined that this was the first programme in the world's largest country and the country producing the most emissions. While the country was advancing fast, it still generated two thirds of its energy from coal. Observing a new practice of Board members negotiating on the fringes of the meeting, they requested that concerned Board members instead design conditions to address such concerns. Strong support came from another Board member who said that GCF had been instructed to mobilize private capital, which was exactly what this programme would do. It was also an innovative programme with substantial mitigation and adaptation benefits. A final Board member said that the funding proposal was fully aligned with the mandate of GCF and was a good example of "scaling up".

688. The Co-Chairs asked the Secretariat to continue consultations with Board members and the AE and adjourned the Board's consideration of FP082.

689. Along with other outstanding funding proposals, the Secretariat updated the Board later the same day that consultations were continuing.

690. A further update was requested by the Co-Chairs the following day.

691. The Secretariat informed the Board that a meeting had been held the preceding evening and consultations were ongoing with the concerned Board members.

692. Several Board members expressed concerns about the process being followed by the Co-Chairs. One Board member assured the Board that, as a party to the negotiations, all the issues that had been raised in consultations had also been previously raised in the boardroom. (The discussion of this funding proposal was intertwined with a small number of outstanding proposals, especially SAP003, during which comments were made pertaining to ongoing negotiations on the margins of the meeting, the Board's decision-making mechanisms, and the mandate of GCF under the Convention and Governing Instrument. These are reflected in the report of the Board's discussion of SAP003 above.

693. Later, on the final day of the meeting, the Co-Chairs asked for a further update from the Secretariat.

694. A representative of the Secretariat informed the Board that agreement had been reached with one Board member and a document was ready for Board consideration. However, consultations were continuing with the second Board member.

695. The agenda item was subsequently reopened, and the Co-Chairs invited the Secretariat to update the Board.



696. A representative of the Secretariat informed the Board that the document before Board members provided detailed responses to questions raised by the Board member. These included questions on the selection criteria, the R&D component of the programme, and GCF concessionality. The Board member had requested that this information be shared with the Board. The Secretariat noted that in some cases, which involved very lengthy annexes, these were not presented to the Board. Furthermore, the Board had before it the conditions proposed for consideration.

697. The Co-Chairs thanked the Secretariat representative.

698. The Board member expressed appreciation to the Secretariat and AE for their efforts to meet the requests but said that the conditions for improvement they had provided had not been fully met. Despite improved clarity of the subprojects, it was their view that the GCF investment decision was not totally justified; they hoped that the discussion on this proposal would generate lessons that could be applied by future programme proponents. However, they again commended the funding proposal's considerable potential and were willing to move forward based on the improvements presented by the Secretariat. The Board member expressed the hope that during the implementation of the programme the four aspects they had raised would be further improved.

699. The Co-Chairs thanked the Board member for their flexibility.

700. The second Board member who had stated reservations regarding the funding proposal said that their consultations with the Secretariat and AE had been valuable. However, as they still had concerns, they could not support the proposal.

701. A Board member drew attention to fact that paragraph 3 of the document referred to previously on the R&D condition was in violation of paragraph 35 of the Government Instrument on eligibility, which included technology development and transfer. Board members regularly discussed paradigm shifting, and one key component of this was new technology. They wished it to be recorded that this decision would not set a precedent; the Governing Instrument allowed for funding of R&D.

702. Another Board member wished to have clarification about whether the Board member who had stated that they could not support the proposal objected to the adoption of the decision or were abstaining from the decision.

703. Another Board member asked the Co-Chairs to table the funding proposal for adoption.

704. Echoing an earlier Board member, another stated that if the Board decided not to finance R&D, this would go against the essence of effective climate change action, namely innovation and technology. Technological development and innovation were clearly articulated, among other places, in the Paris Agreement and the Governing Instrument. They asked whether the decision was being made due to reasons of national competitive advantage.

705. They reminded the Board that it had a procedure it could apply in the absence of consensus. Furthermore, those with reservations could record an objection and not join the consensus.

706. A Board member reiterated concerns about the process being followed by the Board where it seemed that political considerations were taking centre stage when deliberating about funding proposals. If this was the case it would be preferable for developing countries to walk away from GCF.

707. The Board member who had stated that, following consultations, they were willing to support the proposal with conditions and caveats, wished to clarify and put on record that the condition regarding the R&D cluster now attached to the draft decision had not been included as a result of the negotiations between them and ADB, and that the condition was beyond the



scope of what they requested. They requested clarification from the Secretariat and the AE as to its inclusion.

708. Another Board member stated that inserting such a condition regarding technology was not acceptable. The member again reminded the Board of Article 4.3 of the Convention and of the Governing Instrument. Setting such a precedent was unacceptable to developing countries and was unfair on the implementing entity, the recipient country and developing countries as a whole.

709. Noting the absence of consensus, the Co-Chairs informed the Board they would move to another agenda item.

710. The Board member who had spoken immediately prior to this asked for clarification about what would happen to this funding proposal. This was echoed by another Board member.

711. The Co-Chairs asked for suggestions on the way forward.

712. A Board member stated that efforts had been exhausted to find a consensus. That being the case, paragraph 14 of the Governing Instrument stated that the Board should develop procedures to deal with decisions where all efforts to reach consensus had been exhausted. The Board had developed such a procedure, but first the Co-Chairs should ask the Board to take a decision.

713. The Co-Chairs once more presented the decision with conditions and caveats to the Board for adoption.

714. A Board member stated that they could not adopt the decision.

715. The Co-Chairs once more noted the lack of consensus.

716. A Board member requested a short constituency meeting of developing country Board members.

717. The Co-Chairs informed the Board there would be a short adjournment for said constituency meeting. The developed country Co-Chair called for a parallel constituency meeting.

718. On reconvening the meeting, a Board member requested clarification on the status of FP082 as they had to leave the Board meeting very shortly.

719. The Co-Chairs asked if the funding proposal could be discussed further.

720. The objecting Board member restated that they continued to oppose the decision.

721. The Board member who had to leave the meeting asked if the Board's voting option could be considered.

722. Another Board member opined that the Co-Chairs had opened the floor for comments and not formally tabled the decision for adoption.

723. The Board member who had earlier requested clarification between the two positions, namely opposing adoption of the decision or abstaining from the decision, requested that the statement from the Board member that they opposed the adoption be recorded.

724. The Board member who had requested that the decision be formally tabled again reiterated the request to table it without the conditions, which had been proposed in an attempt to find consensus. If there was no consensus then the procedure applied in the past should be followed.

725. The Co-Chairs asked the Board member from the country submitting the funding proposal if they supported the removal of the conditions and the decision being put to the Board.

726. The Board member affirmed that this was acceptable on the basis of a vote.
727. This was objected to by another Board member as there had been no formal decision for such a voting system.
728. The Co-Chairs once more tabled the decision on FP082 without the conditions.
729. The Board member who objected to the decision restated their objection, noting it was for the fourth time. The second Board member who had had reservations about the funding proposal stated that no further conditions had been negotiated, only clarification of existing ones as circulated to Board members.
730. The Co-Chairs confirmed there was no consensus.
731. A Board member reiterated the Rules of Procedure as set out in the Governing Instrument. They stated that they were requesting that the procedure used for previous Board decisions be invoked once more. They were not calling for the implementation of the proposed new mechanism for Board decision-making in the absence of consensus, which was still under consideration.
732. Another Board member observed that the preceding Board member was positing two contradictory positions, one of which involved voting and the second which did not.
733. A Board member reiterated their objection to operating as a Board based on memories of past practice rather than having a clear, agreed procedure.
734. Another Board member stated that many decisions were based on past practice and the Co-Chairs had the prerogative to adopt such a process to resolve the current impasse. They urged the Co-Chairs to invoke the past practice.
735. Another Board member reiterated support for a policy for decision-making in the absence of consensus.
736. A Board member informed the Board of another precedent, namely FP046. There had been an objection, a call for a vote and an objection to a vote. There was no consensus and no decision, and the Board moved forward.
737. A Board member took the floor to explain that there was an existing procedure under which Board members voted by a show of hands. If there was a two thirds majority, there was consensus and the decision was carried. Rather than calling it voting, it would be better described as the “will of the majority”.
738. Another Board member stated that the Board had been tasked by the Governing Instrument to develop a mechanism for decision-making in the absence of consensus. It was not appropriate to use an ad hoc modality when a formal procedure was on the table for adoption by the Board.
739. The Co-Chairs informed the Board that they, as Co-Chairs, had differing views on this matter and, as such, there was an impasse.
740. A Board member asserted that it was only the Board that could interpret its own rules and decisions. Noting this was the first time there was a difference of opinion between the two Co-Chairs, they wished the General Counsel to provide guidance.
741. The Co-Chairs invited the General Counsel to take the floor.
742. The General Counsel provided the following opinion:
  - (a) If the Board was unable to reach a consensus per the Governing Instrument, it could proceed to voting. However, prior to that, the Board would need to agree on the

procedure for such voting. That had been the case in the selection of the Executive Director; and

- (b) The Rules of Procedure did not address the issue of differences between the Co-Chairs. In that case it would be for the Board to decide how to proceed, but, again, consensus would have to be satisfied.

743. A Co-Chair asked the General Counsel if a legal option was a one-off decision without precedent.

744. The General Counsel opined that that would require a consensus among Board members to move to a voting arrangement. The central point was that the consensus rule had to be satisfied. In their opinion, a one-off decision without precedent was not possible without taking the first step.

745. A Board member stated that if no decision could be taken now using past precedents involving major decisions such as the GCF Headquarters and the selection of Executive Director, this would mean that no Executive Director could be selected by February 2019 as there would be no agreed mechanism for taking such a decision.

746. A Board member speaking on behalf of LDCs said they were very concerned at the lack of progress during the meeting. They requested a last effort by concerned Board members on FP082.

747. The Board member from China requested the floor and made the following remarks.

748. In a spirit of cooperation, they requested a postponement of the decision on FP082 as there was no consensus. They noted that at their first Board meeting it was difficult to learn that China's first programme could not be approved. The Board member stated that China had waited for three years to apply so as not to compete with particularly vulnerable countries. Furthermore, they had applied for a loan rather than a grant. They wished to make a contribution to GCF by piloting a successful first programme.

749. The Shandong Green Development Fund proposal had been endorsed by the Secretariat and TAP, which worked with AFD and KfW as co-financiers; consequently, there had been much scrutiny of the programme. The programme expected to reduce 50 million tCO<sub>2</sub>eq of GHG emissions and benefit 10 million people. It was being blocked by one Board member even though the target country had accepted conditions they considered unfair.

750. Without GCF support it would require a substantial redesign and would have a big impact on the country's cooperation with GCF.

751. Every Board member had veto power and as such could block a proposal. They expressed great sympathy with the ADB team that had come to Bahrain not knowing the outcome; this was also the case for many other countries. The Board should not require consensus on funding proposals; a formal or informal voting procedure was needed.

752. Regarding the politicization of GCF, while they had received many technical questions, they could not accept using technical matters as political levers. This had led to suspicion in the Board and damaged its reputation. Board members from China had always tried to be very prudent in using their voting power. It was essential that political issues not be allowed to influence decisions or GCF would not succeed.

753. The Co-Chairs thanked the Board member for their remarks.

754. A Board member who was leaving the Board stated that the discussion reinforced the need for a voting system.

755. Another Board member expressed a wish to keep the consideration of the funding proposal open if this was legally permissible. This was seconded by a further two Board members who stated that FP082 was a programme with merit. One noted that while there had been remarks about the politicization of funding approvals, the fact was that there were policy gaps and the governance system needed reform.

756. Another Board member stated that there was an option for the matter to be raised with the Independent Redress Mechanism.

757. For another Board member, the signal GCF was sending was a negative one. Many potential proponents of projects and programmes would conclude that the hard work in preparing a proposal was not worth the effort. They commended the great flexibility shown by the Board member from China. With the first replenishment of GCF now approaching, the Board had not given an incentive to China to consider becoming a contributor in the way that it was at the GEF.

758. Another Board member expressed support for the programme from China and said they hoped it would be approved at the next meeting. They expressed sympathies to the Board member from China and noted that technological development was something GCF was well placed to deliver.

759. Before closing the meeting, and following consultations, the Co-Chairs proposed including an additional paragraph in the decision on agenda item 16. They read the text to the Board as follows: “Decides to defer the further consideration of funding proposal 082 to the next meeting of the Board.”

760. They opened the floor for comments. Seeing none, they took it that the Board wished to adopt the decision.

761. The decision was so adopted.

### **Funding proposal 083 titled “Indonesia Geothermal Resource Risk Mitigation Project” by the World Bank**

762. The Co-Chairs opened funding proposal 083 (FP083) as contained in document GCF/B.21/10/Add.02/Rev.01; and Add.30/Rev.01 (limited distribution).

763. A representative of the Secretariat introduced FP083, a proposal by the World Bank requesting a financing package with a first tranche of USD 100 million to mitigate the geothermal resource exploration risk in Indonesia. The representative further noted that, if approved, it would constitute the largest CO<sub>2</sub> emission reduction by a single country in the GCF portfolio.

764. The Co-Chairs opened the floor for comments.

765. A Board member expressed appreciation for the project’s targeted financial mechanism that addressed risks inherent in geothermal exploration. Indonesia has abundant geothermal resources, which, if utilized responsibly, would be an ideal way to improve the electrification rate. However, they had several concerns:

- (a) As mentioned by the active observer for CSOs under an earlier funding proposal, the ESMS had not been distributed to the Board and active observers until a month before the meeting; and
- (b) There was no ESIA on the specific sites.

766. They stated that they were consulting with the AE and hoped to get a resolution. They also hoped GCF could find a way to exercise appropriate due diligence regarding this project.

767. Another Board member similarly noted that the project did not follow the ESS disclosure and consultation process with local communities or fulfil the gender requirements.

768. The Co-Chairs requested that the Secretariat and AE respond to the points raised but first invited the active observer for CSOs to take the floor.

769. The active observer for CSOs stated that civil society had many concerns about the project and recommended that it not be approved by the Board. These concerns included:

- (a) The proposal paid insufficient attention to the fact that Indonesia lay within the “ring of fire”, and the risk management framework did not mention risks of earthquakes/volcanic explosions;
- (b) Two thirds of the 20 subprojects to be implemented were by the private sector, while the project was categorized as public sector;
- (c) The information on specific sites was not available, and the communities potentially affected had a right to be consulted;
- (d) They had serious concerns about the technical capacity of PT Sarana Multi Infrastruktur to implement the category A projects in compliance with GCF policies and standards;
- (e) Similarly, they had serious concerns at the inference in the proposal that its compliance with the World Bank’s “free, prior and informed consultation” was materially equivalent to that of GCF, which involves “consent” (“free, prior and informed consent”);
- (f) The gender assessment and action plan was too general and there was no sector-specific gender analysis. The gender action plan said that no female engineers or project managers would be hired for the subprojects, which civil society found astonishing;
- (g) The World Bank had no obligation beyond the project implementation period of 10 years; and
- (h) There was, as the TAP had noted, a risk of double-counting the mitigation benefits.

770. In light of the time taken by the active observer for CSOs to deliver the detailed comments, the Board held a brief discussion about how active observers could make comments in the most efficient way possible, given time constraints. The Co-Chairs said that oral comments needed to be very short but that active observers could provide longer written remarks. A Board member said that the Co-Chairs had not limited the length of time taken by Board members. They stated there should be no time limit on active observers as it was extremely important to hear from both civil society and private sector observers.

771. The Co-Chairs invited the representative of the Secretariat to take the floor to respond to the comments, including those regarding Indonesia’s geographic location in the “ring of fire”, a major area in the basin of the Pacific Ocean where many earthquakes and volcanic eruptions occur.

772. Regarding the categorization of public versus private sector projects, the representative clarified that the loan component for the geothermal facility was a sovereign loan.

773. They also informed the Board that each subproject would have its own specific ESIA, which included a risk assessment. Furthermore, the terms of the project were that construction permits could only be provided when a satisfactory mitigation plan for the risks was in place.

774. Finally, the tenor of the loan had been shortened to 10 years to match the implementation timeline.

775. The Co-Chairs invited the AE (World Bank) to take the floor.

776. The AE representative provided the following responses:

- (a) This was a framework project and the World Bank did not expect all projects to come to fruition. Out of approximately 20 in total, they anticipated that less than half would be completed;
- (b) It was important to bear in mind that Indonesia's electricity supply was currently coal and oil-based, which was of great concern. The AE would use its frameworks to ensure that proper mitigation measures were put in place;
- (c) The ESMF had initially been disclosed in January and again in May. They had adhered to the World Bank's disclosure procedures. The ESMF had a pipeline of 20 projects, but much fewer for investment; and
- (d) The representative confirmed that they were discussing with the Board member from the United States of America suitable language to provide for the disclosure of the ESS reports for each subproject. This was necessary both to satisfy the World Bank and the wider community. They noted that the World Bank would be responsible for each project and, as such, this was also a reputational risk issue for them. Due to the election cycle in Indonesia, this was the last chance to approve the proposal; otherwise it would either face a delay of a year or would not happen at all.

777. The Co-Chairs requested that further consultations continue on the margins of the meeting.

778. A Board member stated that they had concerns about such discussions being held outside the plenary, which had only been done on an exceptional basis in the past. Since they had not heard a strong objection to the proposal from any Board member, they recommended that the best approach would be to formulate a condition to be attached to the approval.

779. The Co-Chairs concurred that Board members should endeavour to formulate any concerns in the form of conditions.

780. Another Board member said that if there were ongoing consultations, the funding proposal should not have been presented as time was short.

781. The Co-Chairs responded that they were following the precedent set at B.19 when funding proposals were only taken offline where there were major objections.

782. The Co-Chairs adjourned the agenda item.

783. On reopening the item on the final day of the meeting, the Co-Chairs asked the Board to consider proposed additional conditions, namely on the modality to disclose the specific subprojects, which was to be attached to the draft decision.

784. A Board member said that there was a need to address information disclosure requirements under the programmatic approach. In the meantime, funding proposals that were presented to the Board with category A subprojects must provide adequate disclosure. They appreciated efforts by AEs to put in place conditions that met the Board's requirements for disclosure. They requested that the Board consider the conditions that had been presented in written form for Board members; these followed the programmatic approach.

785. A Board member who had expressed an earlier objection stated that they appreciated the efforts of the AE to address the issue of information disclosure. The conditions that had been formulated by the AE were a step forward. However, they continued to believe that the conditions fell short of GCF standards. Communities should have adequate time to comment on high-risk projects, and 60 days was insufficient. In line with policies of the United States of America, the Board member stated that they would object to the funding proposal and abstained from the consensus decision to finance the project.

786. The Co-Chairs requested that the abstention be recorded by the Secretariat.



787. The Co-Chairs invited the active observer for CSOs to make a further comment.
788. The active observer for CSOs said they were extremely concerned at what appeared to be double standards. The day before a funding proposal by the EBRD had been approved with 120 days prior disclosure. Similarly, earlier today, the same period had been provided in the approval of FP099. Now two other AEs, one public sector and one private sector, were being permitted with much shorter disclosure periods. This was unacceptable from a public point of view.
789. The Co-Chairs invited the Board to adopt the decision with the conditions stipulated, duly noting the abstention and observations and caveats to be noted in the record.
790. Several further comments were made by Board members. One wished to know, given that the AMA in question was not yet effective, whether the AE could comply with the new conditions.
791. The Co-Chairs invited the AE to respond.
792. The AE affirmed that it would be able to comply with the conditions.
793. The same Board member noted that there were time-bound conditions. Reiterating the earlier point that the AMA had been signed but was not yet effective and appreciating that the AE could not provide an absolute guarantee, they wished to know if the AE could fulfil the conditions without requesting an extension.
794. The Co-Chairs invited the AE to respond.
795. The AE said that they could not give an absolute guarantee as they could not say when the AMA would be finalized and effective.
796. The Co-Chairs asked if they could guarantee this once the AMA had been finalized.
797. The AE affirmed this.
798. The Co-Chairs requested that the Secretariat and AE work expeditiously to finalize the AMA.
799. The AE asked to make a clarification, namely that the AMA had been finalized but it was not yet effective.
800. With no further comments or objections, FP083 was approved.

**Funding proposal 084 titled “Enhancing climate resilience of India’s coastal communities” by the United Nations Development Programme**

801. The Co-Chairs opened funding proposal 084 (FP084) as contained in document GCF/B.21/10/Add.03; and Add.30/Rev.01 (limited distribution).
802. A representative of the Secretariat introduced FP084, a proposal from the United Nations Development Programme requesting USD 43.4 million to enhance the resilience of India’s coastal communities to climate change and extreme events through an ecosystem-based, community-centred approach to adaptation, including by protecting and restoring mangroves and seagrass and supporting communities to adopt climate-adaptive livelihoods and value chains.
803. The Co-Chairs opened the floor for comments.
804. There being no comments or objections, FP084 was approved.

**Funding proposal 085 titled “Green BRT Karachi” by the Asian Development Bank**

805. The Co-Chairs opened funding proposal 085 (FP085) as contained in document GCF/B.21/10/Add.04; and Add.30/Rev.01 (limited distribution).

806. A representative of the Secretariat introduced FP085 and highlighted that the project aimed to establish a 30 kilometre, fully segregated bus rapid transit (BRT) system operated with the “world’s first” biomethane hybrid bus fleet in Karachi. It was the first dedicated low-emission transport project presented to the Board. The total project cost was USD 583.5 million and the United Nations Development Programme requested USD 49 million from GCF. The project expected to reduce 2.6 MtCO<sub>2</sub>eq over the 30 years of its lifetime, helping Pakistan to achieve its nationally determined contribution (NDC) goals.

807. The Co-Chairs opened the floor for comments.

808. A Board member supported this project but wanted to note, as for FP083, that the ESS documents were disclosed to the Board and active observer for CSOs only one month before the Board meeting, which did not allow sufficient time for review. They requested that the Secretariat ensure the GCF Information Disclosure Policy was followed in future.

809. Another Board member, speaking during the earlier session where general comments were provided regarding funding proposals, said that FP085 had high transformation potential. It was linked to NDCs and they wished to see this in the future funding proposals.

810. The Co-Chairs invited the active observer for CSOs to take the floor.

811. The observer stated that civil society was broadly supportive of the project. It appreciated efforts made to thoroughly consider gender in terms of the integration of both the public transportation sector and the location-specific gender dimensions in the project design and operation. This would set a good practice for future GCF transport projects. They had two serious concerns relating to the potential for replicability:

- (a) Procedural: the project was considered category A/high risk due to the potential for voluntary resettlement of communities, but the ESS documents had only been disclosed 30 days prior to Board consideration instead of the 120 days required by the Information Disclosure Policy and the Environmental and Social Policy; and
- (b) Conceptual: in the context of Karachi, the use of biogas/biomethane as theoretically zero emission could potentially be a game changer for the transport sector; the energy source was readily available and would not add significant additional GHG emissions beyond what would have been already produced from the industrial agricultural facility. This approach would not be transformational at a larger scale and in the longer term as it relied on reusing emissions from industrial agricultural production. The latter had to be cut drastically to achieve a low-carbon pathway. The biomethane approach for BRT was not replicable more widely as the Karachi model was based on ongoing significant methane emissions. More focus needed to be placed on phasing out methane emissions from agro-industrial agriculture.

812. The Co-Chairs asked the Secretariat representative to take the floor.

813. Responding to the concern expressed by the Board member regarding disclosure, the representative said that the Secretariat would ensure policy compliance going forward.

814. With the approval of the Co-Chairs, the Secretariat representative asked the AE (ADB) to provide further comments (summarized below).

815. In the context of the question of sustainability of biomethane in public transport and more widely its replication potential in Pakistan, the ADB representative informed the Board that this was an unusual case where there were 400,000 cattle producing 3,200 tonnes of waste per day that drains into the Bay of Karachi. The organic decomposition in the Bay produced

substantial releases of methane. There was no mechanism to mitigate these releases. In addition to the large-scale methane release, 50,000 cubic meters of fresh water were also discarded in transferring the waste to the Bay of the Karachi, which was biologically dead.

816. Given the base scenario, the estimation used by ADB was conservative, and from an ADB perspective it was a zero-carbon project: a negative emission scenario.

817. With reference to replicability, such agricultural intensity may exist in other areas of Pakistan and South Asia: cattle are not the only source of biomethane. Other sources were also available, such as agricultural, food and sewage waste, which were being used in biomethane projects in Sweden and other European countries as well as the Republic of Korea, China and South-East Asia.

818. Biomethane is a tool that can be replicated. A caveat was that every situation was unique and biomethane may not be appropriate for every city. However, where there were waste streams with high caloric value, it was important to seek to aggressively mitigate and use such methane emissions.

819. With no further comments and no objections, FP085 was approved.

### **Funding proposal 086 titled “Green Cities Facility” by the European Bank for Reconstruction and Development**

820. The Co-Chairs opened funding proposal 086 (FP086) as contained in document GCF/B.21/10/Add.05; Add.15 (confidential distribution); and Add.30/Rev.01 (limited distribution).

821. A representative of the Secretariat introduced FP086, a proposal from EBRD requesting USD 100 million in loans and grants to foster transformational low-carbon, climate-resilient urban development for participating cities in the EBRD region.

822. The Co-Chairs opened the floor for comments.

823. A Board member welcomed the facility because of private sector involvement and because it involved building sustainable urban infrastructure. However, they had a question concerning disclosure. They wished to know if disclosure requirements for ESIs for category A subprojects have been/would be followed.

824. Another Board member, speaking during the earlier session where general comments were provided regarding funding proposals, said they could not support a tranching approach as there were no agreed guidelines, and it created a carry-over budgetary burden.

825. The Co-Chairs invited the active observer for CSOs to take the floor.

826. While welcoming a focus on sustainable urban development and integrated planning processes that allowed for meaningful stakeholder input, they said that the proposal seemed to be overselling what it could actually achieve. Secondly, the Green City Action Plan was characterized as a “well-developed and tested methodology”. Civil society found that only three Green City Action Plans had been finalized so far (two in 2017 and one in 2018) and, correspondingly, their implementation must be in the earliest phases. The proposal therefore proposed scaling up – to a very large scale – a relatively new approach. Furthermore, they were concerned about the exclusive focus on large infrastructure subprojects, which failed to reflect broader concepts of sustainability and local, community-centred approaches that needed to be integrated into the larger planning processes of cities. Food systems, for example, contributed highly to a city’s carbon footprint, yet the word “food” did not appear once. Green City Action Plans should reflect a broader understanding of sustainability, including non-infrastructure projects and small-scale, neighbourhood-oriented interventions.

827. Concerning the gender action plan, budgetary expenditures for its implementation were over-focused on expenditures for consultants. What was missing was a clear allocation of funding under the gender action plan for the contribution and direct agency of local women's groups and neighbourhood associations, for example, through a small grant facility component.

828. Finally, they expressed concern about the limited documentation provided to civil society. As a result, a thorough assessment of the proposal had been impossible, given how broad and unspecific it was. The proposal mentioned a "confidential annex" on some of the proposed component projects. Civil society requested that this annex be made public. Similarly, they expected that the list of eligibility criteria to be developed would be made public. Furthermore, they requested that the EBRD disclosure that category A private sector projects would not be financed and that public category A projects would comply with the 120-day prior disclosure be published not only on the EBRD website but also that of GCF. They also wished to put on record that EBRD had promised, in a separate response to civil society, that all public disclosure documents for subprojects under the facility would identify whether GCF funding was involved.

829. The Co-Chairs invited the AE (EBRD) to take the floor.

830. A representative from EBRD informed the Board that conditions had been agreed with the Board member from the United States of America and would be shared. In summary, for each category A public sector subproject, the AE would disclose a "project disclosure package" 120 calendar days in advance of the Board meeting of EBRD. The details of how this communication would take place would be fully defined later. They also clarified that private sector category A projects were excluded from first tranche.

831. Active engagement with civil society was critical; this was included in the Green City Action Plan. The representative noted that at a recent key meeting in Armenia, 40 per cent of participants were from civil society.

832. The Co-Chairs asked the Board member from the United States of America if the response met the concerns raised.

833. The Board member welcomed the summary provided but said they wished to first see the text of the conditions.

834. The Secretariat representative stated they were ready for distribution.

835. The Co-Chairs asked Board members to review these while they moved onto to another agenda item.

836. The discussion was adjourned.

837. On reopening later in the meeting, the Co-Chairs reminded the Board that the new conditions had been distributed and asked if Board members could support the decision.

838. The Board member from the United States of America expressed thanks for the conditions and confirmed that they would support these.

839. Another Board member requested an assurance from the AE that the country was aware of the new conditions and had indicated that they could be met.

840. The Co-Chairs invited the active observer for CSOs to take the floor.

841. The observer said that the conditions were a significant improvement and asked if the same conditions could be applied to other projects.

842. Responding to the Board member's query, the EBRD representative confirmed that they had consulted with the country and could confirm that the country could comply with the conditions.

843. The Co-Chairs asked if the Board could approve the funding proposal.
844. With no further comments or objections, FP086 was approved.
845. Following the approval, a Board member asked what exposure GCF had in respect of EBRD, given that it has a significant share of the GCF portfolio.
846. The Co-Chairs said that the Secretariat would inform the Board on the level of exposure at a later time.

**Funding proposal 087 titled “Building livelihood resilience to climate change in the upper basins of Guatemala’s highlands” by the International Union for Conservation of Nature**

847. The Co-Chairs opened funding proposal 087 (FP087) as contained in document GCF/B.21/10/Add.06; and Add.30/Rev.01 (limited distribution).
848. A representative of the Secretariat introduced FP087, a proposal by International Union for Conservation of Nature requesting a USD 22 million grant to reduce the impacts of climate change on the hydrological cycle in target watersheds through improved land use practices, leading to improved water recharge and productivity.
849. The Co-Chairs opened the floor for comments.
850. A Board member expressed support for the project but requested that a number of points be taken into consideration during implementation, namely:
- (a) Biodiversity enhancement: the funding proposal stated that agroforestry and silvopastoral restoration would be achieved using trees and shrubs, and several species had been identified to improve soil biodiversity and water retention. However, cost-effectiveness and efficiency estimations seemed to include far fewer species. It was crucial to include diversity of species, including native species, to enhance the biodiversity of species. Furthermore, there was a need to promote diversity of crops that would complement the basic staples of maize and beans;
  - (b) Seed bank: the funding proposal included the establishment of a seed bank, and it was recommended to consider mechanisms that would ensure the availability of seeds that promoted biodiversity and resilience, and which were also culturally acceptable; and
  - (c) Network of agro-hydrometeorological stations: the Board member recommended that roles and responsibilities be carefully planned and agreed to avoid overlap of responsibilities or competition in the network of hydrometeorological stations. They further recommended that an agreement be reached with those private stations currently operating on access and data sharing, following which an assessment could be made on the need to establish new stations.
851. The Co-Chairs noted that the Board member had provided guidance for implementation and not conditions for approval of the project.
852. The representative of the Secretariat informed the Board that they had consulted with the AE (the International Union for Conservation of Nature) and confirmed that they had agreed to take these comments into full consideration.
853. With no further comments and no objections, FP087 was approved.

**Funding proposal 089 titled “Upscaling climate resilience measures in the dry corridor agroecosystems of El Salvador (RECLIMA)” by the Food and Agriculture Organization of the United Nations**

854. The Co-Chairs opened funding proposal 089 (FP089) as contained in document GCF/B.21/10/Add.08; and Add.30/Rev.1 (limited distribution).

855. A representative of the Secretariat introduced FP089, a proposal submitted by the Food and Agriculture Organization of the United Nations, requesting GCF grant funding of USD 35.85 million to restore and reforest degraded ecosystems to protect water sources and aquifer recharge and to improve the resilience of the livelihoods of the vulnerable population through adaptive agroecosystem management in El Salvador.

856. The Co-Chairs opened the floor for comments.

857. There being no comments or objections, FP089 was approved.

### **Funding proposal 090 titled “Tonga Renewable Energy Project under the Pacific Islands Renewable Energy Investment Program” by the Asian Development Bank**

858. The Co-Chairs opened funding proposal 090 (FP090) as contained in document GCF/B.21/10/Add.09 and Add.30/Rev.1 (limited distribution).

859. A representative of the Secretariat introduced FP090, a proposal by the ADB requesting USD 29.9 million in grants to finance renewable energy generation, storage and mini-grids in Tonga.

860. The Co-Chairs opened the floor for comments.

861. A Board member noted that Tonga was one of the most vulnerable countries to climate change. While each country had to mitigate its CO<sub>2</sub> emissions it was important for GCF in cases such as Tonga’s to focus more on adaptation projects. While it was clearly up to countries to choose which types of projects were most suitable for their needs, in the future GCF should think more about the countries in which the focus should be mitigation and the countries where it should be adaptation. For this specific project, the Board member noted the country’s high level of indebtedness, which meant the country was not eligible for loans. Seeing that the AE (ADB) had a dividend of USD 1 million a year, they wished to know why there was not a greater level of financing from Tonga Power Limited, as it was making profit.

862. The representative of the Secretariat responded that there were a number of adaptation proposals being developed in Tonga. In terms of concessionality, this would be reflected in reducing the tariff to the end users.

863. The Co-Chairs invited the AE (ADB) to take the floor.

864. A representative of ADB provided the following responses to the comments from the Board member. They reiterated that it was client’s decision as to whether to present an adaptation or mitigation project to GCF. There were difficulties in bringing a standalone energy project under adaptation. This specific project was a mitigation project with strong adaption benefits. One consideration had been the report of the International Monetary Fund, which highlighted Tonga’s high external debt stress. Under ADB rules Tonga was 100 per cent eligible for grants. They stated that Tonga Power Limited was a state-owned institution and was making a profit. However, it needed to make a profit, so it could use these profits to attract private sector power producers; without these incentives it would be too risky for such producers to enter the market. Any retained earnings were being invested in ongoing climate-related projects.

865. The Board member who had intervened earlier said that it was important to develop a policy so that the outputs of GCF grant funding would be maximized. At the same time, they stated that they would not stand in the way of consensus to approve the project.

866. The Co-Chairs thanked the Board member for the reminder to close many policy gaps.



867. With no further comments and no objections, FP090 was approved.

**Funding proposal 091 titled “South Tarawa Water Supply Project” by the Asian Development Bank**

868. The Co-Chairs opened funding proposal 091 (FP091) as contained in document GCF/B.21/10/Add.10 and Add.30/Rev.1 (limited distribution).

869. A representative of the Secretariat introduced FP091 from ADB in Kiribati. The proposal aimed to increase water security in South Tarawa, which was dependent on climate change-threatened freshwater lenses, through a reliable, safe and climate-resilient water supply. This would be achieved through the construction of a 4,000 cubic metre desalination plant and a 2.5 megawatt photovoltaic system to provide low-emission power for the water supply system.

870. The Co-Chairs opened the floor for comments.

871. During the Board’s earlier general discussion of funding proposals, a Board member stated that the focus of FP091 on desalination represented a key adaptation priority.

872. There being no further comments or objections, FP091 was approved.

**Funding proposal 092 titled “Programme for integrated development and adaptation to climate change in the Niger Basin (PIDACC/NB)” by the African Development Bank**

873. The Co-Chairs opened funding proposal 092 (FP092) as contained in document GCF/B.21/10/Add.11 and Add.30/Rev.1 (limited distribution).

874. A representative of the Secretariat introduced FP092, a proposal by the African Development Bank (AfDB) requesting USD 67.7 million to improve the resilience of populations and ecosystems in the Niger Basin through the sustainable management of natural resources, with an expected 4 million beneficiaries and emissions reductions of 1.4 MtCO<sub>2</sub>eq per year.

875. The Co-Chairs opened the floor for comments.

876. A Board member stated that they were prepared to approve the project because it targeted countries very vulnerable to climate change. A key risk of this project was that it would be taking place in several fragile countries. It was widely recognized that these types of environments were difficult to work in. GCF would have an opportunity to learn much as the project progressed.

877. Another Board member, speaking during the earlier general discussion by the Board of funding proposals, had noted that FP092 had a high transformational impact potential and would help to ensure long-term resilience in a region suffering from drought.

878. An active observer for CSOs welcomed the project while also noting that:

- (a) It was not appropriate for the Secretariat to imply in its assessment that commitment by highly indebted poor countries was heightened by their willingness to accept loans;
- (b) They wished to have assurances as well as a related condition to the effect that the “gender-responsive climate smart-agriculture activities” under output 1 must not encourage, for example, genetically modified organisms, soil carbon or other questionable environmental approaches;
- (c) They were concerned about weak consultation with pastoralist communities and weak representation arrangements, and they also noted that direct efforts to promote traditional or indigenous knowledge were missing. It was therefore imperative that the project tap into and strengthen traditional knowledge to give meaning to Article 7,

paragraph 5 of the Paris Agreement on indigenous and traditional knowledge systems and guarantee security of land rights; and

- (d) They hoped the assurances made by project proponents during the informal consultation in Bahrain would be realized, namely that the GCF Indigenous Peoples Policy would be incorporated as the primary safeguards instrument when dealing with indigenous peoples as beneficiaries.

879. Another Board member stated an objection to the use of the term “smart agriculture.” There was no international consensus on the definition of this term and, in line with a project at an earlier Board meeting, they requested that the term be removed. They asked the independent TAP to clarify.

880. The Co-Chairs asked the Secretariat and the AE (AfDB) to take the guidance from the Board into account.

881. The representative of the Secretariat stated that they had consulted with AfDB and they had confirmed they had taken into account comments from civil society during consultations.

882. The Co-Chairs asked if the Board could approve FP092.

883. A Board member again requested a response to their query regarding climate-smart agriculture.

884. A representative of the TAP concurred with the Board member that the term was a problem and that it was in widespread use. They confirmed that the TAP would take this into consideration in future cases to provide more clarity.

885. The concerned Board member said that, as was practiced at B.18, it was important to be clear what type of technology the Board was approving.

886. The Co-Chair asked the Board member if they wished that a condition to this effect be included.

887. The Board member said they did not wish to block consensus and requested that suitable language be reflected in the decision.

888. A further Board member informed the Board that when they were a Co-Chair, they were approached by an individual who was seeking USD 1 billion in co-financing to support the use of drought-resistant seeds with a less than reputable private sector company working in Africa. There were reputational risks for the Board regarding the “climate-smart agriculture” concept and terminology.

889. Another Board member echoed earlier views about the lack of consensus on climate-smart agriculture on the African continent. Many Africans worked in agriculture on a subsistence basis. Some countries had introduced climate-smart agriculture and the Board member hoped in those cases that it would provide greater food security. However, Africa as a whole had yet to adopt this approach more widely, and it was essential that none of the members of the African constituency were put in harm’s way because of a decision taken by the Board. They expressed support for the Board member who wished to see references to “climate-smart agriculture” removed from GCF documents.

890. The Co-Chairs requested the Secretariat and TAP to remove the term “climate-smart agriculture” from proposals going forward.

891. There being no further comments and no objections, FP092 was approved.

**Funding proposal 093 titled “Yeelen Rural Electrification Project in Burkina Faso” by the African Development Bank**

892. The Co-Chairs opened funding proposal 093 (FP093) as contained in document GCF/B.21/10/Add.12.

893. A representative of the Secretariat introduced FP093, a proposal from AfDB to create an enabling environment for private sector-operated green mini-grids in Burkina Faso, requesting GCF funding of USD 24.3 million.

894. The Co-Chairs thanked the Secretariat and opened the floor for comments.

895. A Board member brought to the attention of the Board that they had raised a concern with the Secretariat and the AE (AfDB) regarding the calculation of GHGs in the funding proposal. They had questioned the accuracy of the projected reductions in CO<sub>2</sub> emissions, which had not appeared to take into account the increased demand for electricity. Reporting that the question had, however, been adequately addressed by AfDB, the Board member highlighted this as an example of how to address Board questions through dialogue with the Secretariat and AEs.

896. While expressing their support for the project on the basis that it both strengthened the policy environment and investment in infrastructure, a Board member sought clarification on the climate rationale of the third component. This involved the provision of productive-use equipment to support economic activity in the targeted regions. The Board member asked how this component linked to the previous two, and how GCF support in this area had been justified.

897. A representative of the Secretariat responded that component 3 was central to ensuring the sustainability of the project.

898. The Co-Chairs took note of the comments and invited the Board to adopt FP093.

899. With no further comments and no objections, FP093 was approved.

#### **Funding proposal 094 titled “Ensuring climate resilient water supplies in the Comoros Islands” by the United Nations Development Programme**

900. The Co-Chairs opened funding proposal 094 (FP094) as contained in document GCF/B.21/10/Add.13 and Add.30/Rev.1 (limited distribution).

901. A representative of the Secretariat introduced FP094, a proposal by the United Nations Development Programme requesting a USD 41.9 million grant to strengthen the resilience of its drinking and irrigation water in 15 vulnerable zones of Comoros through water sectoral climate risk reduction planning, water resources and watershed management, and the installation of climate-resilient water supply infrastructure.

902. The Co-Chairs opened the floor for comments.

903. There being no comments or objections, FP094 was approved.

#### **Funding proposal 095 titled “Transforming Financial Systems for Climate” by Agence Française de Développement**

904. The Co-Chairs opened funding proposal 095 (FP095) as contained in document GCF/B.21/10/Add.22 (confidential distribution).

905. The Board member from France recused themselves from the discussion of this agenda item as they were on the Board of the AE (AFD).

906. A representative of the Secretariat introduced FP095.

907. The proposal was an on-lending programme that would provide loans and grants for technical assistance to local financial partners (LFPs) in 17 developing countries with the aim of

creating self-sustaining markets in the areas of energy efficiency, renewable energy and climate resilience. With the exception of Ecuador, 16 target countries were from Africa, of which 7 were LDCs and 1 a SIDS. The total funding cost of the programme was EUR 653 million, consisting of EUR 615 million in loans and EUR 38 million in grants. GCF would contribute EUR 240 million, comprising 209 million in loans and EUR 31 million in grants. AFD and Proparco would contribute the remaining EUR 413 million, consisting of EUR 406 million in loans and EUR 7 million in grants. The programme was expected to mobilize an additional EUR 246 million from LFPs and

EUR 613 million from project sponsors, for a total leveraged size of EUR 1.5 billion.

908. The Co-Chairs opened the floor for comments.

909. A Board member stated that GCF had a critical role in leveraging private sector funds and this project helped GCF to achieve that goal. While noting that financial intermediation was an important tool, they wished to record the following concerns to ensure that, in future, programmes like FP095 were more robust:

- (a) ESS disclosure did not include project-specific information. Furthermore, the AE may not be able to disclose the ESIs for the majority of the high-risk projects to the Board in enough time; and
- (b) The project had a wide scope and may be challenging to implement.

910. Another Board member expressed strong support for a programme such as this covering a large number of LDCs, for several reasons, including: it brought concessional finance to difficult markets, leveraged private sector finance, included adaptation financing and was regionally diverse. On the question of ESS disclosure, the Board member stated that it seemed to be fully compliant with GCF standards. It was important that the Board did not impose criteria on projects that were not part of GCF policies in order to fill policy gaps.

911. The Co-Chairs invited the active observer for CSOs to take the floor.

912. The active observer for CSOs stated major concerns with the funding proposal and suggested that it should not be adopted at the present time. Despite its ambitious name, it was essentially a series of credit facility agreements with up to 40 public and commercial banking institutions in 17 planned recipient countries for a wide array of diverse subproject investments, including a yet undefined number of high-risk, category A subprojects. Civil society recommended that, in order to transform financial systems for climate, as the title of the proposal implied, the programme should have looked beyond credit provision and technical assistance to financial institutions to also tackle policy reforms, community resilience and an outreach and engagement focus with a wider and more inclusive set of local actors.

913. The publicly available document lacked a clear indication of who would ultimately benefit from GCF funding. There was no clarity about what kind of institutions would be targeted as “local financial partners”, what their capabilities and track records (for example, on environmental and social due diligence) were, and what projects they could fund.

914. A publicly disclosed list of LFPs was essential. Furthermore, a publicly available register of all subprojects to funded by LFPs during the programme should be established, to be published both on the AFD and GCF websites. They also stated that the annex detailing the “indicative list of technologies” allowing for such investments was overly broad. The existing AFD exclusion list did not explicitly prohibit harmful climate technologies such as carbon capture and storage, plantation afforestation or waste incineration.

915. While not favouring adoption, if the proposal was adopted, civil society stated that it was important that the programme did not allow funding for local subsidiaries of multinational banks but instead focus exclusively on domestic financing institutions, including smaller ones

that were prioritizing supplying local companies, such as micro enterprises, which the proposal excluded. They noted that most women entrepreneurs were represented in this excluded business segment. Furthermore, the programme should commit to include in each credit facility agreement a gender action plan tailored to the selected LFP financial partner.

916. Finally, they requested assurance from AFD that their local financial partners would be monitored for inclusion of civil society groups, producer cooperatives and associations representing micro and small enterprises in subproject-specific consultation processes.

917. The Secretariat representative stated there were ongoing discussions on disclosure, scope and domestic financial institutions.

918. An AFD representative provided brief responses:

- (a) The proposal was compliant with GCF policy. Category A subprojects were essential to maximize the impact of the programme and expected paradigm shift; understanding the concerns raised, the AFD had proposed a new ESS condition;
- (b) Regarding category A subprojects, AFD would pay special attention to a systematic non-objection to every category A subproject to be financed under the programme;
- (c) With reference to scope, the programme had been built according to country needs. These would be refined with all stakeholders on the ground;
- (d) A list of eligible LFPs had been attached to the programme, and due diligence would be carried out during the implementation of the programme;
- (e) AFD was committed to raising gender awareness for each project to be financed under the programme; and
- (f) The global ambition was to “green” local banks. To achieve this goal, it would need to be done incrementally.

919. The Co-Chairs thanked the AFD representative for the remarks and proposed that consultations should continue on the margins of the meeting.

920. A Board member requested that the Co-Chairs present the decision on FP095 for adoption.

921. Another Board member asked the Co-Chairs if consultations on the margins of the meeting were now the default modus operandi. They wondered if further consultations were necessary given the comprehensive briefing by the AE.

922. The Board member who had originally expressed several concerns with the funding proposal requested to see the detailed responses from the AE in writing.

923. The Co-Chairs stated that the concept of consultations on open funding proposals was not a default position but an attempt by the Co-Chairs to ensure that every effort was made to approve funding proposals presented for Board consideration. They noted that the Board had approved many more funding proposals than were being consulted.

924. Another Board member noted an existing Board practice of adding conditions to cover concerns raised by any Board members about individual funding proposals. They said that Co-Chairs had introduced a practice of asking advisers to engage with project proponents and there had been a whole day prior to the formal Board meeting devoted to such consultations. They restated that the focus of such consultations should be on whether conditions could be crafted to address concerns.

925. The Co-Chairs said they had sought to create a good process for consultations, including the information day prior to the formal meeting, and it would be useful to reflect for the future on what had been learned from this process.

926. The agenda item was adjourned.

927. Later, on the final day, the Co-Chairs reopened the agenda item and invited a representative of the Secretariat to provide an update.

928. The representative said that following extensive consultations, agreement had been reached, which included a proposal to add a condition addressing the disclosure question.

929. A Board member reiterated concerns about the importance of robust disclosure and reminded the Board that they had presented comprehensive conditions during an earlier intervention.

930. The Board member who had raised concerns regarding this funding proposal stated that these had not been fully allayed by the proposed condition. While it provided some additional transparency, they hoped that AFD would provide full and detailed impact assessments. In view of the policies of the United States of America, the Board member wished to place on record their objection to the proposal and their abstention from the decision to fund it.

931. The Co-Chairs asked the Secretariat to note this in the report of the meeting.

932. A Board member requested clarification that the funding proposal was not being blocked by the Board member from the United States of America.

933. The Co-Chairs confirmed that this was indeed the case.

934. A Board member expressed the hope that the amendments would reassure civil society and reiterated their support for the funding proposal.

935. The Co-Chairs asked the Board if, taking note of the conditions, the caveats that would be recorded in the report of the meeting, and the abstention, the Board could adopt the decision.

936. A Board member wished to have confirmation that the AE could address the conditions. Secondly, since there were similar GCF projects, they asked the Secretariat to confirm that there was alignment between this proposal and other projects in the GCF portfolio.

937. The Co-Chairs invited the AE to take the floor.

938. The AE confirmed that they were able to comply with the conditions.

939. The Secretariat representative suggested that information on alignment with other projects be provided outside the meeting.

940. There was no objection to this and again the Co-Chairs asked if the Board could adopt the decision with the conditions, caveats and abstention, as previously outlined.

941. There being no further objections or comments, FP095 was approved.

### **Funding proposal 096 titled “DRC Green Mini-Grid Program” by the African Development Bank**

942. The Co-Chairs opened funding proposal 096 (FP096), as contained in document GCF/B.21/10/Add.18.

943. Mr. Mpanu Mpanu recused himself from making any interventions regarding the proposal given that he was a national of the Democratic Republic of the Congo, where the project was to be implemented. Several Board members stated that it was not necessary for Board members to recuse themselves under these circumstances. Underlining that all Board



members had signed declarations regarding conflicts of interest, a Board member commented that individual members of the Board were not prevented under the policy from engaging in discussions on projects from their constituencies.

944. A representative of the Secretariat introduced FP096.

945. The representative highlighted that the programme would support the development of three solar green mini-grid pilot projects, each with battery storage, aggregating to a capacity of around 30 megawatts in three towns in the Democratic Republic of the Congo, namely Isiro, Bumba, and Gemena, and to strengthen the enabling regulatory environment for private investment in green mini-grid projects.

946. Key barriers to the provision of appropriate power in the Democratic Republic of the Congo included heavy reliance on hydropower generation, of which less than 50 per cent was currently available for generation due to aging infrastructure and lack of maintenance, and the underdeveloped power grid, which only covered the southern and the eastern region. This left large tracts of the country without access to energy with the result that the population had resorted to unsustainable diesel generator sets, which not only posed an environmental challenge but also put economic pressure on the country's finances.

947. The proposed programme would address these challenges by demonstrating the viability of mini-grids facilitated through a standardized procurement process (for which the request for quotation had been launched two weeks earlier) and development of an appropriate regulatory process. Successful implementation was expected to spur future development of private sector green mini-grids that not only addressed the country's clean energy targets but also reduced the country's GHG emissions from the energy sector by displacing diesel-based generation across the Democratic Republic of the Congo.

948. The programme expected to reduce emissions by 560,000 tCO<sub>2</sub>eq during its lifetime.

949. The Co-Chairs opened the floor for comments.

950. A Board member requested that a condition be attached to the proposal whereby the terms and conditions of the GCF loans would ensure that the GCF concessionality was passed to entities within the project country rather than the AE.

951. A member of the Secretariat provided assurance that the condition would be reflected in the legal documentation.

952. During the earlier general discussion of funding proposals, a Board member had suggested the replication of the project in other countries.

953. The Co-Chairs took note of the comments and invited the Board to adopt FP096.

954. With no further comments and no objections, FP096 was approved.

### **Funding proposal 097 titled "Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)" by the Central American Bank for Economic Integration**

955. The Co-Chairs opened funding proposal 097 (FP097) as contained in document GCF/B.21/10/Add.24.

956. A representative of the Secretariat introduced FP097.

957. The programme would increase the resilience to climate change of MSMEs in Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama by removing barriers to access financial and non-financial services for adopting and implementing the best available climate change adaptation measures.

958. The total programme size was USD 28 million, consisting of USD 25 million in loans and USD 3 million in grants to cover training, technical assistance and an incentive scheme designed to reward MSMEs for the successful implementation of adaptation measures. Of the total programme financing, USD 12.5 million in loans and USD 3 million in grants would be funded by GCF. The Central American Bank for Economic Integration would co-finance USD 12.5 million in loans. It would also seek to leverage additional funds from international financial institutions and MSMEs.

959. The Co-Chairs opened the floor for comments.

960. A Board member requested that a condition be attached to the proposal whereby the terms and conditions of the GCF loans would ensure that the GCF concessionality was passed to entities within the project country rather than the AE.

961. The representative of the Secretariat confirmed that this would be included in the legal documentation and was acceptable to the AE.

962. With no further comments and no objections, FP097 was approved.

### **Funding proposal 098 titled “DBSA Climate Finance Facility” by Development Bank of Southern Africa**

963. The Co-Chairs opened funding proposal 098 (FP098) as contained in document GCF/B.21/10/Add. 25 (confidential distribution).

964. A representative of the Secretariat introduced FP098. The proposal was a lending programme led by the Development Bank of Southern Africa (DBSA) that was uniquely designed to accelerate and de-risk investments into mitigation and adaption projects in southern Africa, with an initial focus on Lesotho, Namibia, South Africa and Swaziland. The programme would be the first climate finance facility of its kind in Africa based on a so-called “green bank model” that could be replicated in developing countries to rapidly scale up private sector climate investments in the region. The total programme size was USD 170.5 million, consisting of USD 169 million in loans and USD 1.5 million in grants, which would cover project management costs for the facility. Of the total programme financing, GCF would fund USD 55 million in loans and USD 0.5 million in grants. DBSA would provide USD 55 million, and USD 59 million would be funded by other investors, including the Public Investment Corporation, which was the largest pension fund in sub-Saharan Africa. The total programme would mobilize up to USD 850 million in investments from commercial banks and project sponsors.

965. The Co-Chairs opened the floor for comments.

966. A Board member stated that as the Government of South Africa was a major shareholder of the DBSA, and since they were a member of the Government of South Africa, there was the possibility that this might be perceived as a potential conflict of interest.

967. The Co-Chairs thanked the Board member for informing the Board.

968. A Board member requested that a condition be attached to the proposal whereby the terms and conditions of the loans made to entities within the project country would be equivalent to those placed on the loan provided by GCF. This would ensure that the recipient countries would benefit from the concessionality afforded by GCF.

969. The Co-Chairs invited the active observer for CSOs to take the floor.

970. The active observer for CSOs said that the programme contributed to the countries’ development strategies in the target sectors, including energy, water and waste management. However, the environmental and social management framework in the eligibility criteria for the selection of subprojects as well as guidelines for monitoring and impact measurement were

unclear. This could result in selecting projects with adverse environment and social impacts or limited transformative impact in the long run.

971. Secondly, gender analysis had been addressed but the action plan was not comprehensive. Civil society therefore recommended the inclusion of country-specific gender actions plans, budgets, defined activities, indicators, clear responsibilities and timelines, and integration in the overall results management framework.

972. Furthermore, the observer expressed concern that the lending activities could increase the debt burden of targeted beneficiaries; careful country and economic analysis of beneficiaries should be made before financing.

973. It was also essential that GCF concessionality be passed on to the final beneficiaries. It was also unclear whether vulnerable people would benefit from the lower cost of infrastructure services.

974. A representative of the AE informed the Board that the environmental and social management framework was defined at the facility level and that further details will be provided at project level; the same applied to the monitoring and impact measurement framework.

975. Regarding gender, the DBSA gender policy would be applied at the facility level, and further analyses would be completed at project level.

976. The representative stated that DBSA had established an operational manual with clear guidelines on how environmental and social, gender, monitoring and impact measurement would be undertaken at project level, bearing in mind the context of each country targeted by the programme.

977. With no further comments and no objections, FP098 was approved.

### **Funding proposal 099 titled “Climate Investor One” by Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.**

978. The Co-Chairs opened funding proposal 099 (FP099), as contained in document GCF/B.21/10/Add.21/Rev.01.

979. Mr. Roelof Buffinga recused himself from discussions on the proposal on the basis that the Government of the Netherlands held shares in the AE, Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO).

980. A representative of the Secretariat introduced FP099.

981. The programme was a blended finance facility, structured as a series of funds for both development and construction, which would provide integrated, full project lifecycle financing to support the development, construction and commissioning of small to medium-sized renewable energy projects across a set of 11 target countries with significant energy deficits and low access to clean energy. This would enable the development and delivery of projects at a faster and more cost-effective rate compared with conventional project financing.

982. The total programme size was USD 821 million, of which GCF would finance USD 100 million in the form of reimbursable grants. The remaining funding included co-financing provided by donor investors (USD 101 million), FMO (USD 50 million) and private sector institutional investors (USD 570 million).

983. Climate Investor One (CIO) addressed several key barriers facing renewable energy project sponsors in the countries targeted by the programme, including a scarcity of early stage financing for project development as well as the complexity, time and cost normally associated

with conventional project financing models for the construction stage of projects. The resulting impact of the innovative financing model of CIO was further enhanced by the incorporation of a capital recycling mechanism, enabling a greater number of projects to be supported by CIO over its 20-year lifespan.

984. The Co-Chairs opened the floor for comments.

985. Two Board members praised the innovative character of the funding proposal.

986. A Board member requested reassurance as to how FMO would ensure that the ESIA for category A subprojects would be shared with the Board and stakeholders in a manner that would allow for review and comments. They suggested that, in dialogue with FMO, a condition could be attached to the proposal to this effect.

987. Noting the assessment of the independent TAP that the proposal had limited potential to contribute to a paradigm shift, a Board member asked the AE what efforts they would make in this regard. They also requested more information on the additionality of GCF funding.

988. A further Board member wished to know why the project document referred to loan returns given that the FAA was to take the form of a reimbursable grant. They also asked why GCF was providing reimbursable grants to private sector entities.

989. The active observer for PSOs welcomed the proposal's use of a blended finance structure, which they believed was a powerful mechanism to mobilize private investment at scale and sent a strong signal to the private sector that GCF wanted to work directly with them. They also expressed their appreciation of an initiative from the Global Innovation Lab for Climate Finance, which would encourage institutional investors to enter challenging jurisdictions.

990. Noting that they had been engaged in a dialogue with FMO regarding the blended finance facility, the active observer for CSOs said that they still had some concerns in this respect. Adding that FMO had made commitments to CSOs in a number of areas, including on disclosure and grievance redress, they requested that these commitments be articulated in the FAA or formalized legally. The observer noted with concern that undesirable renewable energy pathways such as biomass and thermal power had not been explicitly excluded in the list of project types that CIO aimed to fund. With reference to the target area of run-of-the-river projects identified in the proposal, the observer noted that such projects could have significant negative impacts and highlighted the suboptimal recent track record of FMO in hydropower projects. They also drew attention to the project's focus on energy generation, which they asserted would not automatically translate into enhanced energy access for those living in energy poverty.

991. A representative of FMO said that they accepted the condition on ESIA disclosure. Regarding the additionality of GCF funding, they explained that investment was made based on a fixed ratio between private sector capital and contributor government funding; currently there was considerable potential for increased private sector investment based on additional funding from GCF. The representative identified a number of areas of the programme with paradigm shift potential: the introduction of a whole-of-life funding concept, whereby funding was made available by CIO at different stages of the project, sparing the developer lengthy fundraising processes throughout implementation; the deployment of equity-only investment during the construction phase and only introducing debt financing in later phases, which was an innovative approach in African markets; and the engagement of institutional investors in unfamiliar jurisdictions at a reduced risk thanks to the presence of contributor capital. The project also involved introducing the first private sector independent power producers to some areas, including the first wind farm in Djibouti. As for the definition of reimbursable grants, the FMO representative explained that, like loans, these were subject to a repayment obligation

whereby the rate of interest tracked the United States Consumer Price Index. They also thanked the active observers for CSOs and PSOs for constructive discussions on the margins of the Board meeting.

992. A member of the Secretariat also clarified that reimbursable grants functioned similarly to loans in some respects, and that the private sector would not therefore be receiving grants through GCF funding.

993. The Co-Chairs noted the request of a Board member to place a condition on the approval of the funding proposal.

994. The discussion on FP099 was suspended.

995. The Co-Chairs reopened the discussion on the final day of the meeting and informed the Board that a condition text had been drafted and circulated to the Board. They opened the floor for comments.

996. A Board member requested confirmation from the AE that the condition would not lead to delays in the implementation of the project.

997. A representative of FMO confirmed that implementation would not be delayed.

998. The Co-Chairs took note of the comments and invited the Board to approve FP099.

999. With no further comments or objections, FP099 was approved.

1000. The Board took note that certain conditions were to be imposed by the Board in respect of the funding proposals presented to the Board. The Board asked that the Secretariat assist the Board in consultations with the relevant accredited entity with respect to such conditions prior to the consideration and approval of the relevant funding proposal by the Board.

1001. The Board adopted the following decision:

#### *DECISION B.21/15*

*The Board, having considered document GCF/B.21/10/Rev.01 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.21/10/Add.01, 14 and 30;*
- (ii) *Funding proposal 083 titled “Indonesia Geothermal Resource Risk Mitigation Project”, by the World Bank, as contained in document GCF/B.21/10/Add.02/Rev.01 and 30;*
- (iii) *Funding proposal 084 titled “Enhancing climate resilience of India’s coastal communities” by the United Nations Development Programme, as contained in document GCF/B.21/10/Add.03 and 30;*
- (iv) *Funding proposal 085 titled “Green BRT Karachi”, by the Asian Development Bank, as contained in document GCF/B.21/10/Add.04 and 30;*
- (v) *Funding proposal 086 titled “Green Cities Facility”, by the European Bank for Reconstruction and Development, as contained in document GCF/B.21/10/Add.05, 15 and 30;*



- (vi) *Funding proposal 087 titled “Building livelihood resilience to climate change in the upper basins of Guatemala’s highlands” by the International Union for Conservation of Nature, as contained in document GCF/B.21/10/Add.06 and 30;*
- (vii) *Funding proposal 089 titled “Upscaling climate resilience measures in the dry corridor agroecosystems of El Salvador (RECLIMA)” by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.21/10/Add.08 and 30;*
- (viii) *Funding proposal 090 titled “Tonga Renewable Energy Project under the Pacific Islands Renewable Energy Investment Program”, by the Asian Development Bank, as contained in document GCF/B.21/10/Add.09 and 30;*
- (ix) *Funding proposal 091 titled “South Tarawa Water Supply Project”, by the Asian Development Bank, as contained in document GCF/B.21/10/Add.10 and 30;*
- (x) *Funding proposal 092 titled “Programme for integrated development and adaptation to climate change in the Niger Basin (PIDACC/NB)” by the African Development Bank, as contained in document GCF/B.21/10/Add.11 and 30;*
- (xi) *Funding proposal 093 titled “Yeelen Rural Electrification Project in Burkina Faso” by the African Development Bank, as contained in document GCF/B.21/10/Add.16 and 30;*
- (xii) *Funding proposal 094 titled “Ensuring climate resilient water supplies in the Comoros Islands” by the United Nations Development Programme, as contained in document GCF/B.21/10/Add.13 and 30;*
- (xiii) *Funding proposal 095 titled “Transforming Financial Systems for Climate” by Agence Française de Développement, as contained in document GCF/B.21/10/Add.22;*
- (xiv) *Funding proposal 096 titled “DRC Green Mini-Grid Program” by the African Development Bank, as contained in document GCF/B.21/10/Add.23;*
- (xv) *Funding proposal 097 titled “Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)” by the Central American Bank for Economic Integration, as contained in document GCF/B.21/10/Add.24;*
- (xvi) *Funding proposal 098 titled “DBSA Climate Finance Facility” by Development Bank of Southern Africa, as contained in document GCF/B.21/10/Add. 25;*
- (xvii) *Funding proposal 099 titled “Climate Investor One” by Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., as contained in document GCF/B.21/10/Add.26/Rev.01;*
- (xviii) *Simplified Approval Process (SAP) funding proposal 002 titled “Climate services and diversification of climate sensitive livelihoods to empower food insecure and vulnerable communities in the Kyrgyz Republic” by the World Food Programme, as contained in document GCF/B.21/10/Add.33 and 34;*
- (xix) *Simplified Approval Process (SAP) funding proposal 003 titled “Enhancing climate resilience of the water sector in Bahrain” by the United Nations Environment Programme, as contained in document GCF/B.21/10/Add.35 and 36; and*
- (xx) *Simplified Approval Process (SAP) funding proposal 004 titled “Energy Efficient Consumption Loan Programme” by XacBank LLC, as contained in document GCF/B.21/10/Add.37 and 38;*



- (b) Approves funding proposal FP083 for the amount of USD 100,000,000, submitted by the World Bank, as described in the funding proposal set out in document GCF/B.21/10/Add.02/Rev.01, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (c) Decides in respect of funding proposal FP083 that the World 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 185,000,000, subject to the conditions set out in annex XV;
- (d) Also approves funding proposal 084 for the amount of USD 43,418,606, submitted by the United Nations Development Programme, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (e) Further approves funding proposal 085 for the amount of USD 49,000,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (f) Approves funding proposal FP086 for the amount of EUR 87,000,000, submitted by the European Bank for Reconstruction and Development, as described in the addendum to the funding proposal set out in document GCF/B.21/10/Add.15, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (g) Decides in respect of funding proposal FP086 that the European Bank for Reconstruction and Development may seek further approval of the Board at Meetings of the Board or through decisions between Meetings of commitment of further funding, subject to the conditions set out in annex XV on two occasions, provided that such request is:
  - (i) On the first occasion, for an amount no greater than EUR 87,000,000; and
  - (ii) On the second occasion, when aggregated with the amounts previously approved by the Board, in an amount no greater than EUR 228,000,000;
- (h) Also approves funding proposal 087 for the amount of USD 22,035,512, submitted by the International Union for Conservation of Nature, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (i) Further approves funding proposal 089 for the amount of USD 35,849,612, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (j) Approves funding proposal 090 for the amount of USD 29,900,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (k) Also approves funding proposal 091 for the amount of USD 28,631,020, submitted by the Asian Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (l) Further approves funding proposal 092 for the amount of USD 67,774,000, submitted by the African Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (m) Approves funding proposal 093 for the amount of EUR 24,300,000, submitted by African Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;

- (n) Also approves funding proposal 094 for the amount of USD 41,919,808, submitted by the United Nations Development Programme, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (o) Further approves funding proposal FP095, for the amount of EUR 240,000,000, submitted by Agence Française de Développement, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.22;
- (p) Approves funding proposal 096 for the amount of USD 21,000,000, submitted by the African Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.23;
- (q) Also approves funding proposal 097 for the amount of USD 15,500,000, submitted by the Central American Bank for Economic Integration, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.24;
- (r) Further approves funding proposal 098 for the amount of USD 55,610,000, submitted by the Development Bank of Southern Africa, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.25;
- (s) Approves funding proposal 099 for the amount of USD 100,000,000, submitted by Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.26/Rev.01;
- (t) Also approves simplified approval process (SAP) funding proposal 002 for the amount of USD 8,576,108, submitted by the World Food Programme, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.34;
- (u) Further approves simplified approval process (SAP) funding proposal 003 for the amount of USD 2,158,500 submitted by the United Nations Environment Programme which shall be used to finance exclusively the activities under output 1.1 of component 1 and USD 161,888 to finance the project management cost, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.36;
- (v) Approves simplified approval process (SAP) funding proposal 004 for the amount of USD 10,000,000, submitted by XacBank LLC, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.38;
- (w) Decides to defer its further consideration of funding proposal 082 to the next meeting of the Board;
- (x) 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
- (y) 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.

## Agenda item 17: Consideration of accreditation proposals

1002. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/17 titled “Consideration of accreditation proposals” and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04.

1003. With reference to the “Policy on Ethics and Conflicts of Interests of the Board”, the Co-Chairs invited any Board members who wished to recuse themselves from participating in deliberations related to any particular entity to do so.

1004. The following Board members recused themselves:

(a) Mr. Ibrek on APL066 and APL068; Ms. Santala on APL 066; Mr. Lars Roth on APL066 and Ms. Gonzalez Sanz on APL069.

1005. The Co-Chairs thanked members and alternate members of the Board for their disclosures and invited a representative of the Secretariat to introduce the document.

1006. The representative provided a status of accreditation update, which included:

- (a) The accreditation pipeline as of 30 September 2018;
- (b) The status of AEs seeking an upgrade in their accreditation scope as of 30 September 2018;
- (c) The Secretariat’s and Accreditation Panel’s approach (i.e. first come, first complete) for application reviews being taken after B.20 given the expiration of the Board’s prioritization of applications after B.20;
- (d) In-depth readiness support to DAEs for pre-accreditation;
- (e) Support for DAEs, including ESS, gender and fiduciary-related support; and
- (f) Overview of recommended entities at B.21.

1007. The Co-Chairs thanked the Secretariat and invited the Chair of the Accreditation Panel, Ms. Anastasia Northland, to take the floor.

1008. Ms. Northland made the following remarks:

- (a) The recommendations provided at B.21 were the first by the Accreditation Panel with its new membership and during its second term;
- (b) Sixteen new entities were being recommended for accreditation. In addition, one AE was seeking an accreditation upgrade. Of the 16 new entities, 9 were DAEs and 3 were private sector entities; this reflected the fact that the Accreditation Panel was working to meet the Board’s requirement to increase the number of DAEs and private sector entities;
- (c) The Accreditation Panel noted that the recommended entities represented a broad range of sizes, project activities, environmental and social risk categories and different intermediation functions;
- (d) The Accreditation Panel continued the fit-for-purpose approach and, within this context, the Accreditation Panel placed conditions in its recommendations. This provided flexibility to match the entity’s objectives and capacity while ensuring GCF standards were met; and
- (e) The Accreditation Panel continued its work on closing conditions of previous AEs, but these conditions did not prevent AEs from preparing their funding proposals.

1009. The Co-Chairs opened the floor for comments. There being none from Board members, they invited the active observer for CSOs to take the floor.

1010. The active observer for CSOs sought clarification on whether the Board would consider accreditation proposals one by one or as a group.
1011. The Co-Chairs stated that the Board would take a package decision, considering time constraints and other priority agenda items to be considered.
1012. The CSO stated that they had prepared a summary intervention providing overarching comments.
1013. The Co-Chairs responded that it would not be possible to receive these comments since the Board faced extreme time constraints to take major policy decisions before the close of the meeting.
1014. There being no further comments or objections, the Co-Chairs took it that the Board wished to adopt the draft decision.
1015. The Board took note of the document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04 titled “Consideration of accreditation proposals”.
1016. The Board adopted the following decision:

*DECISION B.21/16*

*The Board, having considered document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04 titled “Consideration of accreditation proposals”:*

- (a) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:*
- (i) *Applicant 061 (APL061) is Caixa Economica Federal (CEF) based in Brazil, as contained in annex V in document GCF/B.21/17;*
  - (ii) *Applicant 062 (APL062) is the Fondo para la Acción Ambiental y la Niñez (Fondo Acción) based in Colombia, as contained in annex VI in document GCF/B.21/17;*
  - (iii) *Applicant 063 (APL063) is IDFC Bank Limited (IDFC Bank) based in India, as contained in annex VII in document GCF/B.21/17;*
  - (iv) *Applicant 064 (APL064) is the Ministry of Finance and Economic Management (MFEM) based in the Cook Islands, as contained in annex VIII in document GCF/B.21/17;*
  - (v) *Applicant 065 (APL065) is the National Rural Support Programme (NRSP) based in Pakistan, as contained in annex IX in document GCF/B.21/17;*
  - (vi) *Applicant 066 (APL066) is the Nordic Environment Finance Corporation (NEFCO) based in Finland, as contained in annex X in document GCF/B.21/17;*
  - (vii) *Applicant 067 (APL067) is Pegasus Capital Advisors (PCA) based in the United States of America, as contained in annex XI in document GCF/B.21/17;*
  - (viii) *Applicant 068 (APL068) is the Austrian Development Agency (ADA) based in Austria, as contained in annex XII in document GCF/B.21/17;*
  - (ix) *Applicant 069 (APL069) is the Compañía Española de Financiación del Desarrollo S.A. S.M.E. (COFIDES) based in Spain, as contained in annex XIII in document GCF/B.21/17;*
  - (x) *Applicant 070 (APL070) is the Financiera De Desarrollo Territorial S.A. (Findeter) based in Colombia, as contained in annex XIV in document GCF/B.21/17;*

- (xi) *Applicant 071 (APL071) is the Fundo Brasileiro para a Biodiversidade (Funbio) based in Brazil, as contained in annex XV in document GCF/B.21/17;*
- (xii) *Applicant 072 (APL072) is the LandBank of the Philippines (LandBank) based in the Philippines, as contained in annex XVI in document GCF/B.21/17;*
- (xiii) *Applicant 073 (APL073) is the Protected Areas Conservation Trust (PACT), based in Belize, as contained in annex XVII in document GCF/B.21/17;*
- (xiv) *Applicant 074 (APL074) is BNP Paribas S.A. (BNP Paribas), based in France, as contained in annex XVIII in document GCF/B.21/17;*
- (xv) *Applicant 075 (APL075) is the Consortium of International Agricultural Research Centers (CGIAR), based in France, as contained in annex XIX in document GCF/B.21/17; and*
- (xvi) *Applicant 076 (APL076) is the Inter-American Investment Corporation (IDB Invest), based in the United States of America, as contained in annex XX in document GCF/B.21/17;*
- (b) *Accredits applicants APL061, APL062, APL063, APL064, APL065, APL066, APL067, APL068, APL069, APL070, APL071, APL072, APL073, APL074, APL075 and APL076 pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund, and subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants;*
- (c) *Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicant seeking to upgrade its accreditation type:*
  - (i) *Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), based in Peru, as contained in annex XXI in document GCF/B.21/17;*
- (d) *Agrees to upgrade the accreditation type of Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex XXI in document GCF/B.21/17; and*
- (e) *Recalling decision B.14/08, paragraph (d)(i), decision B.18/04, paragraph (c), and decision B.19/13, paragraph (c), decides that future accreditation decisions by the Board should aim to bring forward accredited entities that fulfil the mandate on balance, diversity and coverage and advance the objectives of GCF and, to that end, decides to prioritize up to the end of the twenty-third meeting of the Board the following, not listed in order of priority:*
  - (i) *National direct access entities nominated for accreditation by national designated authorities or focal points of countries that do not have an accredited direct access national entity;*
  - (ii) *Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decision B.09/07, paragraph (g) and decision B.10/06, paragraph (h);*
  - (iii) *Entities responding to requests for proposals issued by the Green Climate Fund, for example, including a pilot phase for enhancing direct access; a pilot programme to support micro, small, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;*
  - (iv) *Accredited entities seeking fulfilment of their conditions for accreditation; and*



(v) *Accredited entities requesting upgrades in their accreditation scope.*

1017. Later, on the same day, the Co-Chairs returned to the agenda item to inform the Board that there had been a misunderstanding by the Co-Chairs regarding the earlier intervention by the active observer for CSOs. They had understood it that the observer wished to provide statements on each accreditation proposal (which would be too time-consuming), when in fact the active observer had wished to make a short, overarching statement. They proposed to invite the observer to make their statement.

1018. Several Board members took the floor to express views on this.

1019. One stated an objection to the proposal owing to both the fact that the agenda item had been closed and because of time constraints on other essential agenda items. They also highlighted the need, articulated in earlier Board meetings, for Board members to refrain from mentioning the names of entities when making critical remarks. Those entities may not be present and able to defend themselves. Furthermore, sensitive commercial interests may be at stake.

1020. The Co-Chairs asked if the active observer was willing to submit written remarks for inclusion in the report.

1021. The active observer asked to present an oral statement without naming specific entities. They said these could be instructive for the Board and for the public about the challenges in the way accreditation was currently proceeding, especially in light of the ongoing accreditation review. The observer stated that the Board had no process for observers to formally provide comments on record, so the intervention during the Board meeting was the only way. They had waited for two and a half years but the review of observer participation in Board proceedings had not been undertaken by the Board.

1022. A second Board member highlighted the need for transparency and the importance of welcoming inputs from all stakeholders. They strongly supported providing an opportunity for the active observer for CSOs to make oral comments. A third Board member echoed the request to refrain from naming entities but supported the proposal to invite the active observer to make brief general remarks. Another Board member underlined the time constraints.

1023. The Co-Chairs stated that owing to these time constraints they would invite the active observer to provide remarks later in the meeting.

1024. On returning to the agenda item later the same day, the Co-Chairs invited the active observer for CSOs to take the floor.

1025. The active observer thanked the Co-Chairs for the opportunity to make a statement and noted that they would be reading their statement retroactively into the record. They would also share written comments they had originally planned to make with Board members on 8 applicants of the batch of the now approved 16 AEs and 1 AE accreditation upgrade.

1026. They made the following comments:

(a) Civil society:

- (i) Welcomed the progress made in the accreditation pipeline and the prioritization of DAEs. They expressed concern at the continued bias towards international access entities, especially MDBs, and had reservations about whether entities that were or acted like export credit agencies were appropriate for GCF accreditation;
- (ii) Appreciated the Accreditation Panel's efforts to improve the structure and consistency of information provided in the assessment documentation. They



- noted, in particular, the dedicated section requiring detailed information on how the international access entities aimed to provide potential support to DAEs;
- (iii) Welcomed the efforts by the Accreditation Panel to move forward to assess and track the overall portfolios of AEs to align with low-emission and climate-resilient pathways. However, they were concerned with the accreditation of some applicants that continued to support fossil fuels;
  - (iv) Reiterated that the third-party verification from local communities or civil society needed to be conducted as part of the due diligence of the Accreditation Panel in assessing entities for accreditation;
  - (v) Stated that some entities that had just been accredited were deficient in meeting GCF standards, such as those relating to access to information, environmental and social safeguards, gender and indigenous peoples;
  - (vi) Expressed concern about the overall lack of independent grievance redress mechanisms that were capable of receiving complaints from communities related to GCF-funded projects and of providing adequate redress; and
  - (vii) Expressed concern about an upgrade of one AE on whether that entity's indigenous peoples policy, which was approved after its initial accreditation, was equivalent to the GCF Indigenous Peoples Policy or not; the accreditation recommendation report should include a gap analysis in this regard.

1027. The Co-Chairs thanked the observer for their remarks.

## **Agenda item 18: Performance review of the GCF for the initial resource mobilization period**

1028. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/27 titled "Performance review of the Green Climate Fund".

1029. They reminded the Board that the document had been uploaded to the PleaseReview™ platform in advance of the meeting for comment. The matter had also been discussed at the informal session before the Board meeting. In addition, subsequent to the document's publication, comments had been submitted by a Board member; these had been communicated to the Board pursuant to paragraph 23 of the Rules of Procedure. The Co-Chairs invited the Head of the IEU, Ms. Puri, to introduce the document.

1030. The Head of the IEU underlined that the review would focus on the early stages of GCF and inform its future direction. She explained that it would be an objective assessment of four areas: progress made on the initial strategic plan, the performance to date on achieving a paradigm shift, the performance of GCF investments, and the likely impacts of GCF activities.

1031. The Co-Chairs thanked the Head of the IEU for the presentation. They reminded the Board that under agenda item 16 they had appointed Ms. Liesbeth Loddewyckx and Mr. Richard Muyungi to lead consultations on revising the draft decision, taking into account the comments submitted in advance of the meeting. They now called on Ms. Loddewyckx to present the results of those consultations.

1032. Ms. Loddewyckx presented the amendments to the draft decision. It now stipulated that the review should take account of existing GCF review documents, and these were listed in an annex. In addition, it was required that the review assess the level of country ownership and disbursement levels of the activities funded by GCF to date. The text also now called for the outcome of the review to be used to inform the replenishment process. Ms. Loddewyckx further

reported that Board members had not yet reached a consensus on the budget for the review; however, an amount of USD 750,000 had been proposed (the initial document had requested USD 830,000).

1033. The Co-Chairs thanked the group for their work and requested that they complete their consultations on the draft decision on the sidelines of the Board meeting before continuing the discussion.

1034. A Board member noted with regret that no mention had been made of an alternative proposal for the review that had been submitted to the Secretariat by three Board members. They had requested that this document be circulated to Board members.

1035. The Co-Chairs invited the Board member to share these concerns with the group as part of the consultations.

1036. Another Board member requested clarification from the Head of the IEU as to whether it would be possible to conduct the review under the proposed scope with a reduced budget of USD 750,000.

1037. The Head of the IEU said that the reduced budget would entail stripping back the review to the bare essentials. However, some knowledge management and communications items that were integral to the review could be covered by the core budget of the IEU after June 2019.

1038. The active observer for CSOs expressed strong support for the proposed review, which they said would help GCF deliver on its aim to be a learning institution. They looked forward to contributing the diverse experience of civil society to the evaluation. They urged that the review process be completed by the end of June, as proposed in the decision document, so that the results could serve as an input into the replenishment process. Underlining the need for the review to go beyond the scope of a desktop assessment and to include interviews and site visits, they called for the full budget requested to be allocated.

1039. A Board member raised a point of order. They stated that they had raised their flag earlier and should have been invited to take the floor straightaway. They wished to have clarity on the process being followed by the Co-Chairs. They had refrained from intervening on the understanding that the Co-Chairs would bring the matter back later in the meeting. In light of the intervention from the active observer, it appeared that the Co-Chairs were permitting a general discussion.

1040. The Co-Chair confirmed that their proposal was to open the floor for comments once a draft text was available.

1041. Another Board member raised a point of order. They stated that, given that time was constrained, it was not appropriate to give the floor to active observers when Board members were refraining from intervening, pending a text.

1042. The Co-Chairs apologized for the confusion and stated that they would proceed per their earlier ruling.

1043. The item was suspended.

1044. The Co-Chairs reopened the agenda item later that day. Drawing the attention of the Board to the amended draft decision that had been circulated, they called on Ms. Loddewyckx to present the document.

1045. Ms. Loddewyckx explained that while the proposed decision had been drafted based on the suggestions of Board members, there was still no consensus around the review budget.

1046. The Co-Chairs asked Board members if they had any objections to the rest of the decision text which referred to the scope of the performance review (i.e. excluding the budget

figure). There being no objections, the Co-Chairs took this to mean that the Board agreed to the rest of the text that laid out the scope of the performance review. They then proposed that the Board attempt to reach an agreement on the budget amount.

1047. Having reviewed the IEU budget for 2018 and 2019 as well as the details of the proposed budget for the review, a Board member said that they could not support the suggested figure of USD 750,000 on the basis that there was strong potential for double counting of budget items across the documents. By way of example, they pointed to the fact that both the 2019 budget and the review budget allocated funding for the engagement of consultants (in the latter these were covered under the budget item “Professional services”; unless there were differences in the expertise required to conduct the review, the consultants working for the unit could be deployed for the review. The Board member asserted that there was also potential for duplication across the budgets under the items on travel costs, interns and geographic information systems. Notwithstanding their support for the scope of work described in the review document, they called on the Secretariat to present a detailed budget costing for the review so that the Board had sufficient information to make an informed decision.

1048. Highlighting their experience in conducting reviews of development programmes, a Board member maintained that the proposed budget was modest given the scope of the intended evaluation. They urged the Board not to make hasty adjustments to the budget but to base these on best practice. The Board member requested the Head of the IEU to state whether they saw potential for double counting of budget items across the documents.

1049. Reminding the Board that Secretariat and independent unit budgets were reviewed by the Budget Committee, a Board member called on the Board to heed the conclusions of that review. With regard to the request from a Board member that the Secretariat present a detailed costing of the review budget, they asked for clarification on the role of the Secretariat in reviewing budgets put forward by the independent units.

1050. The Co-Chairs called on Mr. Jose Delgado as Chair of the Budget Committee and Mr. Mpanu Mpanu to consult with other members on the sidelines of the meeting to inspect the budget and present a proposal.

1051. The item was adjourned.

1052. The Co-Chairs reopened the agenda item later in the evening. They drew the attention of the Board to the draft decision that had been circulated, highlighting that the budget allocation in paragraph (g) had been changed to USD 500,000. Furthermore, a request for the budget allocation to be reviewed by the Budget Committee in conjunction with the Head of the IEU had been added to this paragraph. They invited the Board to adopt the decision as amended.

1053. There being no comments or objections, the decision was duly adopted.

1054. The Board took note of the document GCF/B.21/27 titled “Performance review of the Green Climate Fund”.

1055. The Board adopted the following decision:

#### *DECISION B.21/17*

*The Board, having considered document Green Climate Fund/B.21/27 titled “Performance review of the Green Climate Fund”:*

(a) *Recalls paragraphs 59 to 62 of the Governing Instrument for the Green Climate Fund;*

- (b) *Decides to initiate a review of the performance of the Green Climate Fund, in a manner appropriate to the current stage of the Green Climate Fund operations and with a view to the Green Climate Fund being a learning institution;*
- (c) *Decides that the review should take into account, but not be limited to, the outcomes of existing Green Climate Fund review documents, including those listed in annex XVI;*
- (d) *Agrees that the scope of the review will be to assess:*
  - (i) *Progress made by the Green Climate Fund so far in delivering on its mandate as set out in the Governing Instrument for the Green Climate Fund as well as in terms of its core operational priorities and actions as outlined in the initial Strategic Plan of the Green Climate Fund and the Green Climate Fund's business model, in particular, the extent to which the Green Climate Fund has responded to the needs of developing countries and the level of country ownership;*
  - (ii) *The performance of the Green Climate Fund, including its funded activities and its likely effectiveness and efficiencies, as well as the disbursement levels to the funded activities; and*
  - (iii) *The existing Green Climate Fund portfolio and pipeline, the application of financial instruments, and the expected impacts of funding decisions and other support activities, including in terms of mitigation and adaptation, on both a forward- and backward-looking basis;*
- (e) *Decides that the outcome of the performance review and the Board's consideration of the performance review will be shared with the replenishment process;*
- (f) *Requests the Independent Evaluation Unit, drawing on relevant external expertise, as appropriate, to undertake the review as early as possible and present an initial report with emerging areas of recommendation no later than 28 March 2019, and to finalize the review no later than 30 June 2019; and*
- (g) *Approves a budget allocation of USD 500,000 for the review to be added to the Independent Evaluation Unit budget effective immediately and available for the remaining part of 2018 and for 2019, and requests the Budget Committee to review the budget allocation with the head of the Independent Evaluation Unit.*

## **Agenda item 19: Arrangements for the first formal replenishment of the GCF**

1056. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.21/30/Rev.01 titled "Arrangements for the first formal replenishment of the Green Climate Fund". They reminded the Board that the document had been uploaded to the PleaseReview™ platform in advance of the meeting for comment. The matter had also been discussed at the informal session before the Board meeting. In addition, subsequent to the document's publication, comments had been submitted by a Board member; these had been communicated to the Board pursuant to paragraph 23 of the Rules of Procedure. They invited the Executive Director ad interim to introduce the document.

1057. The Executive Director ad interim, Mr. Manzanares, gave a short presentation, in which he stressed the urgent need for a Board decision on replenishment given the fact that GCF was nearing the end of its initial resource mobilization period. Assuming the Board continued its current pace of funding approvals, the GCF commitment authority would be fully utilized in 2019. Furthermore, premised on a B.21 decision, it would take until the first half of 2020 to receive contributions into the GCF account if pledging took place at the latest by October 2019.

After outlining the process and indicative timeline, Mr. Manzanares noted that GCF was well placed to enter into replenishment; the Secretariat had the capacity to develop and submit USD 4 to 5 billion in funding proposals per year. It had also made substantial progress in moving from portfolio to implementation. In addition, there was clear demand from developing countries and AEs, with USD 17 billion of funding proposals and concept notes in the pipeline. Finally, Mr. Manzanares outlined the key elements of the draft decision.

1058. The Co-Chairs reminded the Board that Mr. Fass-Metz and Mr. Fakir had been tasked on the previous day with leading consultations on merging the draft decision in document GCF/B.21/30/Rev.01 with an alternative text that had been drafted in advance of the meeting by the Board members from the developing country Parties. They asked Mr. Fass-Metz to present the amended draft decision and its annexes, which had been circulated to the Board.

1059. Mr. Fass-Metz presented the amendments. He said that Board members had not yet reached a consensus on a number of points; in these cases, two options had been included in the draft text (draft text below in italics, including options where relevant) for the Board to discuss in plenary.

1060. These options and other points of discussion are presented below according to topic:

### **The role played by the Board in the replenishment process**

*paragraph (c) "... the Board will provide the replenishment process with [strategic inputs] [resource needs, goals, impact evaluation and other information] ..."*

1061. The Co-Chairs made initial suggestions for several of the points under discussion. They proposed to amend this sentence to read "the Board will provide strategic guidance for the replenishment process". This proposal was supported by a Board member.

1062. Several Board members expressed their support for the phrasing "strategic inputs". One Board member said that the alternative option implied that the Board would prejudge the replenishment amount; this was to be determined not by the Board but by the Parties to the replenishment consultations. Another Board member also supported this option on the basis that the process should be flexible enough to accommodate the internal procedures of contributor countries.

1063. A further Board member requested that the two options be merged so that the meaning of "strategic inputs" could be clarified.

*paragraph (i) "Requests the Secretariat to prepare for the [Board's consideration at its twenty-second meeting] [replenishment process and for feedback from the Board] the following documents..."*

1064. A Board member expressed a preference for the second option on the basis that the preparation of documents should not be politicized; it should be fed into the replenishment process with only guidance from the Board.

*paragraphs (j) to (m)*

### **Option 1**

*paragraph (j) "Decides to designate a group of six members (3 developing/3 developed), assisted by the Secretariat and in close coordination with the Co-Chairs, to oversee the preparation of the documents listed [below] including the development of their Terms of Reference and presentation to the Board;"*

paragraph (k) “Decides to appoint the following Board members of the Group referred to in paragraph (t) above, namely: (developed/developing X 3);”

paragraph (l) “Requests the Group to finalize its work in a timely manner and present the documents for consideration by the Board no later than [xx date];”

## Option 2

paragraph (m) “Requests the Co-Chairs to consult with Board members and Alternate members in relation to the preparation of the documents listed in paragraph xxx above;”

1065. Several Board members voiced their support for option 2. Underlining that it was not the role of the Board to oversee the preparation of replenishment documents by the Secretariat but to provide guidance. A Board member asserted that it was the responsibility of the Secretariat to produce the relevant papers and feed these directly into the replenishment process with only the consultation of the Board. Another Board member expressed concern about the proposal to establish a separate group of Board members to be engaged with replenishment; they called on all Board members to take ownership of the process and act as ambassadors for GCF during replenishment, engaging with both their national governments and stakeholders around the globe.

1066. Option 1 was preferred by two Board members. One of these suggested that the word “oversee” in paragraph (j) be replaced by “guide” in order to accommodate the wishes of the Board members who had expressed reservations regarding the wording of option 1.

annex II (g) “... executive sessions, which will be open only to potential contributors and the Board representatives specified above, with support from the Secretariat.”

1067. On a similar note, one of the Board members opposing option 1 above requested clarification from the drafting group on the intended role of Board representatives in the executive sessions that were proposed as part of the replenishment consultations.

## Replenishment trigger

paragraph (e) “... cumulative funding approvals have reached USD [x] billion [constituting [x] % of the replenishment trigger].”

1068. The Co-Chairs proposed that the cumulative value of funding approvals include projects approved at B.21 and that their proportion in relation to the replenishment trigger also be included.

1069. Several Board members called for the phrasing regarding the trigger to be included in the draft decision. One Board member underlined that it was important to take note of this achievement given that the Board had been working towards this moment since its eighth meeting. Another Board member said that the reference to the trigger should be included on the basis that there was COP guidance on the matter.

1070. Several Board members called for the phrase referring to the replenishment trigger to be removed. Two Board members maintained that the Board could override any decision that determined the point at which the trigger had been reached with a decision to launch the replenishment.

## Launch



*paragraph (f) “Decides to launch the process for the Green Climate Fund’s first formal replenishment.”*

The Co-Chairs proposed that the word “launch” be retained in the final decision. This proposal was supported by a Board member.

### **Period of replenishment**

*paragraph (g) “Further decides that the period of the first replenishment will be from [2020 to 2023] [2019-2022]”*

1071. The Co-Chairs said that the first replenishment period should begin in 2020, given that it could only begin once the pledged amounts had been received by GCF. This view was supported by two Board members.

1072. A Board member expressed their support for the option to begin the replenishment period in 2019 on the basis that it would thereby follow on immediately from the initial resource mobilization period. They further said that it was important to define a fixed period for the replenishment to avoid any potential confusion regarding the start of the second replenishment.

### **Deadline for pledges for replenishment**

*paragraph (h) “Stresses the urgency to reach pledges for replenishment [at the latest by October 2019] [in due time] ...”*

1073. The Co-Chairs proposed including the reference to a deadline of October 2019. Two Board members supported this view, with one of them underlining the importance of targets in achieving meaningful results.

1074. Several Board members expressed a preference to remove the mention of an explicit deadline. One Board member pointed out that this would reduce the period of time in which policies could be adopted by the Board that could help secure funding pledges from contributor countries, thus limiting the overall commitment authority over the replenishment period. Another Board member highlighted that GCF would need a significant amount of time to carry out the analysis and consultations required for the replenishment process, particularly given its limited capacities in comparison to larger institutions and the fact that it would be without an Executive Director for the first few months of the process. Two Board members said that they would accept the reference to a deadline if it were made more tentative; one suggested preceding it by a phrase such as “aiming at”.

*annex III (c) “High-level pledging conference – [2019] ...”*

1075. One of the Board members who had expressed a preference to remove the deadline from paragraph (h) said that they would only support the inclusion of a target date for the high-level pledging conference if this were understood as “indicative”.

### **Preparation of documents by the Secretariat**

*paragraph (i)(i) “A comprehensive report on the implementation of the GCF’s initial Strategic Plan over the IRM period (2015-2018).”*

1076. A Board member said that in this section they would have welcomed the inclusion of a paragraph requesting an assessment of the Board’s shortcomings in fulfilling its obligations

under paragraphs 18 (b) to (f) of the Governing Instrument. Expressing the wish that this evaluation would be covered by the report mentioned in paragraph (i)(i), they underlined the importance of reviewing the Board's performance to date in order to address people's concerns regarding the next phase of GCF.

### **Needs of developing countries**

*paragraph (i) (iii) "... ambitious potential mitigation and adaptation scenarios [drawing on the needs of developing countries] including action based on NDCs, NAPs, country programmes and other sources."*

1077. A Board member suggested that the reference to developing countries could be removed on the basis that their needs would be sufficiently identified in the sources mentioned elsewhere in the sentence. Other Board members suggested making the link explicit by stating that these needs were identified in those sources. Two other Board members proposed changing "drawing on" to "taking into account".

### **Replenishment advisers**

*annex IV "Replenishment advisers"*

1078. A further Board member asked for clarification on what was meant by "replenishment advisers" in the draft budget.

1079. A member of the Secretariat clarified that this budget item referred to outreach and advocacy consultants who would provide advisory services on the replenishment process.

### **General comments**

1080. A Board member said that the replenishment process must be designed in such a way as to build confidence in GCF. A further Board member underlined that participants at the high-level pledging conference must be shown that GCF was performing well and had a clear vision for the coming years.

1081. Underlining that the document did not address the full responsibilities of the Board regarding the replenishment process, a Board member said that countries pledging funds to GCF required quantitative data on how their contributions would finance climate change mitigation and adaptation. They called on their fellow Board members to focus not just on the level of funding secured but also on the concrete needs of developing countries to ensure that participants in the replenishment process were aware of the opportunities presented by engagement with GCF. Similarly, it was also important to have clear information on the absorptive capacity of GCF. This information could be provided by the performance review of GCF over the IRM period. They also noted with regret that the process of building confidence in GCF was hampered by differences between the two constituencies on the Board.

1082. Highlighting that the replenishment process was not fully provided for by the Governing Instrument, a Board member requested clarification from the Secretariat on the legal status of the process.

1083. The Co-Chairs tasked the group leading consultations and the Secretariat with incorporating the changes suggested by the Board members into the text.

1084. The item was adjourned.

1085. The Co-Chairs reopened the agenda item later in the evening. Noting that an amended version of the text had been circulated, they invited the Board to adopt the decision.

1086. A Board member reiterated their request regarding clarification on the legal status of replenishment.

1087. The General Counsel clarified that the negotiation sessions initiated by a Board decision would give rise to no legal obligations until the pledging and contribution agreement stage.

1088. Noting that option 2 (paragraph (m) above) rather than option 1 had been included in the amended draft, a Board member underlined their support for option 1 and reminded the Board that few members had objected to it. The wording used in option 1 represented the minimum engagement of the Board in the process; option 2 involved no role for the Board. The Board member said that they objected to the second option on the basis that it would preclude the implementation of the Board's obligations pursuant to Article 11, paragraph 3, of the Convention. If the Board would not have any role in the replenishment, then the matter could be referred to the COP as the paragraph related to financial mechanism arrangements to be agreed upon between the COP and operating entities.

1089. The Co-Chairs requested clarification on whether the Board member's concerns would be responded to by those who had drafted the amended decision or by the General Counsel.

1090. The Board member stated that they were not requesting a legal opinion and reaffirmed that this matter was governed by COP decisions. It was not about involving the Board in the level of the pledges made but about ensuring its role in shaping the replenishment process, which was a core function of the Board. The Board member clarified that their concerns would be addressed by incorporating option 1 as a minimum.

1091. Another Board member said that they were not comfortable with option 1.

1092. Highlighting the importance of adopting a decision at the meeting in order not to delay the replenishment process, the Co-Chairs urged the Board to consider the inclusion of a text that merged both options.

1093. The Board member who had voiced their approval of option 1 called on Board members to clarify their concerns. They underlined that the focus of the Board should be on the challenges faced by developing countries. Another Board member expressed concern that with the proposed text the Board would launch a process that it would not be actively involved in. In addition, they pointed out that members of the Council of GEF, which was also a UNFCCC operating entity, actively participated in replenishment processes. They noted that a shortcoming of GEF replenishment processes was that, despite their active role, Council members would only be invited to comment on discussions. The Board member further asked what the legal status of the documentation produced in the replenishment process would be if the wider process had no legal status.

1094. The Co-Chairs highlighted that a more active engagement on the part of Board members in the process was commensurate with calls from Board members for increased efforts with regard to outreach.

1095. Several Board members expressed reservations regarding the inclusion of option 1. Two Board members noted with the regret that the discussion was taking place at the end of the meeting after Board members with strong views on the matter had left. A Board member said that it was not good practice to establish a Board committee that would give some Board members a more important role than others in the replenishment process. They also reminded the Board that, in accordance with the Governing Instrument, it was the function of the Secretariat to serve the Board in the matter.

1096. A Board member who had expressed support for option 2 in the initial discussion said that they would support option 1 on the condition that the documents prepared by the Secretariat would be fed into the replenishment process directly and that the group designated

by the Board would report back to the Board on the views they had expressed on the documents.

1097. Another Board member pointed out that the draft text under consideration contained many references to Board involvement, including a mention of Board representatives in annex II. This was similar to the role played by Council members in the GEF replenishment process. There was also mention of Article 11 of the Convention.

1098. By way of compromise, a Board member proposed including the phrasing in annex II referring to Board representatives in the text of the draft decision. They further suggested that the Board members be tasked with engaging in the process, noting that this would involve presenting the documents prepared by the Secretariat and not making statements regarding pledging amounts.

1099. The Board member who had voiced their support for option 1 at the beginning of the session said that they supported the designation of a group of Board members, as stated in option 1, as opposed to the mere nomination of representatives implied by the phrasing in the annex.

1100. Several Board members expressed support for the proposal to move the sentence referring to Board representatives to the decision text. They also underlined that these members should be actively engaged in the process and not only have observer status.

1101. A Board member read out a suggested new draft text based on the proposal.

1102. The Board member who had initially expressed approval for option 1 requested to see the new proposed text in writing.

1103. The Co-Chairs asked that the amended draft text be prepared and circulated.

1104. The item was adjourned.

1105. The Co-Chairs reopened the item a short while later. They called on Mr. Fass-Metz to read out the amended paragraph.

1106. Mr. Fass-Metz read out the amended paragraph, which stated: "Requests the group of Board members, containing the Co-Chairs, and five representatives of developing countries and three developed countries to represent the Board and Fund in the replenishment process, including to present the outcomes of the Board's deliberations listed in paragraph (i) and to report back to the Board on a regular basis".

1107. A Board member requested changes in the wording so that the final text would read: "Board members and alternate Board members" and "to represent ... and actively engage in the replenishment process". They also proposed an additional paragraph to provide for the nomination process of the Board group. This would become paragraph (l) in the final decision text presented below.

1108. Another Board member asked for clarification on the precise meaning of the phrase "active engagement".

1109. The Board member suggesting the addition explained that this would allow the Board members not just to present the replenishment document as observers but to make interventions. Such interventions would not, however, relate to the pledging process. This was consistent with practice at GEF.

1110. The Co-Chairs invited the Board to adopt the decision as amended.

1111. There being no further comments or objections, the Board took note of the document GCF/B.21/30/Rev.01 titled "Arrangements for the first formal replenishment of the Green Climate Fund".

1112. The Board adopted the following decision:

*DECISION B.21/18*

*The Board, having reviewed document GCF/B.21/30/Rev.01 titled “Arrangements for the first formal replenishment of the Green Climate Fund” and document GCF/B.21/Inf.05 titled “Status of the initial resource mobilization process”, and taking account of guidance from the Conference of Parties to the United Nations Framework Convention on Climate Change:*

- (a) Reaffirms the objectives of the Green Climate Fund to channel new, additional, adequate and predictable financial resources and catalyse climate finance, both public and private, for developing countries, and promote a paradigm shift towards low-emission and climate-resilient development;*
- (b) Stresses the importance and urgency of the Green Climate Fund conducting a successful and ambitious first replenishment process to continue advancing its mandate as an operating entity of the financial mechanism under Article 11 of the United Nations Framework Convention on Climate Change;*
- (c) Agrees that the first and successive replenishments of the Green Climate Fund should take into account the stated ambitions, actions and contributions of developing countries to reduce their greenhouse gas emissions by meaningful mitigation actions and to adapt to the impacts of climate change, and that the Board will provide the replenishment process with strategic guidance;*
- (d) Takes note that cumulative funding approvals have reached USD 5.5 billion, showing the significant scaling up of the Green Climate Fund’s capabilities to support low-emission and climate-resilient development in developing countries and the implementation of the United Nations Framework Convention on Climate Change and the Paris Agreement;*
- (e) Also takes note that cumulative funding approvals have reached USD 5.5 billion, which triggers the first formal replenishment process;*
- (f) Decides to launch the process for the Green Climate Fund’s first formal replenishment;*
- (g) Further decides that the period of the first replenishment will be decided by the Board in 2019;*
- (h) Stresses the urgency to reach pledges for replenishment, aiming to conclude the process in October 2019, recognizing that further pledges may be received during the replenishment period;*
- (i) Requests the Secretariat to prepare the following documents for consideration by the Board and the replenishment process:*
  - (i) A comprehensive report on the implementation of the Green Climate Fund’s initial Strategic Plan over the initial resource mobilization period (2015–2018);*
  - (ii) A document outlining areas in the Policies for Contributions, standard provisions, and template contributions agreement that may be updated for the Green Climate Fund’s first replenishment period, including the conditions necessary to trigger subsequent replenishments; and*
  - (iii) A strategic programming document outlining scenarios for the Green Climate Fund’s replenishment guided by ambitious mitigation and adaptation scenarios based on the Green Climate Fund’s implementation potential, taking into account the needs of developing countries, including actions based on nationally*

*determined contributions, national adaptation plans, country programmes and other sources;*

- (j) Also requests the Co-Chairs to consult with Board members and alternate Board members in relation to the preparation of the documents listed in paragraph (i) above;*
- (k) Further requests the group of Board members and alternate Board members, consisting of the Co-Chairs and five representatives of developing countries and three representatives of developed countries, to represent the Board and the Green Climate Fund and actively engage in the replenishment process, including to present the outcomes of the Board's deliberations listed in paragraph (i) and to report back to the Board on a regular basis;*
- (l) Requests the Co-Chairs to consult with their respective constituencies for the nominations to the group identified in paragraph (k) above;*
- (m) Takes note of paragraph (e) of decision B.21/17 that the outcome of the performance review and the Board's consideration of the performance review will be shared with the replenishment process;*
- (n) Endorses the process for the first replenishment process set out in annex XVII;*
- (o) Requests the Co-Chairs of the Board to consult Board members and alternate Board members regarding proposals to appoint a global facilitator to oversee the replenishment process;*
- (p) Also requests the Secretariat to begin making arrangements to facilitate the replenishment process;*
- (q) Approves a budget of USD 1,296,500 to conduct the formal replenishment process, as detailed in annex XVIII to this decision, and requests the Budget Committee to review the budgetary allocation;*
- (r) Requests the Trustee to provide support to the Secretariat, as part of its function to administer the GCF Trust Fund, on issues related to:*
  - (i) Updating the standard provisions and template contributions agreement; and*
  - (ii) Other relevant financial management issues as agreed between the Executive Director of the Green Climate Fund Secretariat and the Trustee;*
- (s) Authorizes the Executive Director ad interim to confirm with the Trustee the scope of trustee support, as referred to in paragraph (r);*
- (t) Reiterates the Board's intention to review the Strategic Plan of the Green Climate Fund as part of the first replenishment process, with a view to revising the strategic vision, if and as needed, and to update the core operational priorities and underlying action plan; and*
- (u) Invites members of the Board to send inputs on the update of the Strategic Plan to the Secretariat by 30 November 2018 in order for the Secretariat to produce a synthesis of issues for consideration by the Board at its twenty-second meeting.*

## **Agenda item 20: Updated gender policy and action plan**

1113. This agenda item was not opened.

## **Agenda item 21: Risk management framework: compliance risk policy**



1114. This agenda item was not opened.

## **Agenda item 22: Accreditation framework review**

1115. This agenda item was not opened.

## **Agenda item 23: Baseline on the overall portfolio of accredited entities**

1116. This agenda item was not opened.

## **Agenda item 24: Whistle-blower and witness protection policy**

1117. This agenda item was not opened.

## **Agenda item 25: Prohibited practices policy**

1118. This agenda item was not opened.

## **Agenda item 26: Policy matters related to the approval of funding proposals**

### **(a) Integrated approach to addressing policy gaps**

1119. This agenda item was not opened.

#### **(i) Incremental and full cost calculation methodology**

1120. This agenda item was not opened.

#### **(ii) Co-financing matters**

1121. This agenda item was not opened.

#### **(iii) Options for further guidance on concessionality**

1122. This agenda item was not opened.

### **(b) Policy on restructuring and cancellation**

1123. This agenda item was not opened.

### **(c) Revision of the structure and operations of the independent Technical Advisory Panel**

1124. This agenda item was not opened.

(d) Two-stage proposal approval process

1125. This agenda item was not opened.

(e) Programmatic policy approach

1126. This agenda item was not opened.

(f) Investment criteria indicators

1127. This agenda item was not opened.

(g) Review of the financial terms and conditions of the GCF financial instruments

1128. This agenda item was not opened.

(h) Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework

1129. This agenda item was not opened.

(i) Mapping of elements related to project or programme eligibility and selection criteria

1130. This agenda item was not opened.

**Agenda item 27: Policy matters for information**

(a) Steps to enhance the climate rationale of GCF-supported activities

1131. This agenda item was not opened.

(b) Approach and scope for providing support to adaptation activities

1132. This agenda item was not opened.

(c) Identification of results areas where targeted GCF investment would have the most impact

1133. This agenda item was not opened.

## **Agenda item 28: Country programming and readiness: report of the independent evaluation of the Readiness and Preparatory Support Programme**

1134. This agenda item was not opened.

## **Agenda item 29: Dates and venues of the meetings of the Board in 2019**

1135. The Co-Chairs opened the agenda item and drew the Board's attention to document GCF/B.21/06 titled "Dates and venues of the meetings of the Board in 2019". They informed the Board that paragraph (b) of the draft decision had been amended because the proposed dates of 11 to 13 June for B.23 coincided with a planned meeting of the GEF Council. New dates of 28 May to 30 May were proposed in an amended draft decision, which was circulated to the Board. The Co-Chairs opened the floor for comments.

1136. Several Board members expressed their gratitude to the Government of Bahrain for hosting B.21 and said that the facilities had been exceptional.

1137. A number of Board members reiterated the concerns they had voiced under agenda item 13 regarding the arrangement of Board meetings at alternative locations to the GCF Headquarters. They welcomed the suggestion that the Secretariat undertake a cost-benefit analysis of off-site meetings and requested that it also explore other options for engaging with stakeholders and understanding the realities experienced in developing countries. One Board member asked that the wording of paragraph (g) be amended to reflect this request. Another Board member stated that it was not common practice for institutions to organize meetings of boards of directors outside their headquarters. They underlined that Board meetings at alternative locations did not benefit from the same services provided in Songdo and that it was important to take advantage of the investment made in establishing the GCF Headquarters in the Republic of Korea.

1138. Several other Board members repeated their support for the arrangement of off-site meetings even if that incurred additional expense. One Board member stated that if the Board were to decide to hold all meetings in 2019 at the GCF Headquarters on the basis that this would save Secretariat costs, it should also decide to hold the meetings conducted as part of the replenishment process in Songdo.

1139. A Board member restated their wish expressed under agenda items 9 and 13 that the number of Board meetings held annually be reduced to two. Several other Board members preferred to continue with the current practice of organizing three or four Board meetings per year. One member noted that while a reduced number of annual meetings may be appropriate in the future, it would be very difficult to complete the current workload of the Board in just two meetings.

1140. One Board member requested that B.23 be held in June or April on the basis that the proposed dates in May fell within Ramadan. Another Board member pointed out that several key international meetings, including the forty-ninth sessions of the UNFCCC subsidiary bodies and the 2019 Group of Twenty Osaka summit were planned for June 2019. Another Board member asked if the proposed dates for B.22 (26 to 28 February 2019) and B.23 were too close together.

1141. The Co-Chair invited the Board to adopt only paragraph (a) of the draft decision, which covered the arrangement of the next meeting of the Board given that there was no time to discuss the issues raised.

1142. There being no objections, the following decision was adopted.

#### *DECISION B.21/19*

*The Board, having considered document GCF/B.21/06 titled “Dates and venues of the meetings of the Board in 2019”:*

*Decides that the twenty-second meeting of the Board will take place from Tuesday, 26 February to Thursday, 28 February 2019, in Songdo, Incheon, Republic of Korea.*

### **Agenda item 30: Status of the selection of Board members for the term 2019 – 2021**

1142. This agenda item was not opened.

### **Agenda item 31: Election of Co-Chairs for 2019**

1143. The Co-Chairs opened the agenda item. They announced that Mr. Nagmeldin Goutbi Elhassan was replacing Mr. Fakir as Board member, and Mr. Fakir was replacing Mr. Elhassan as alternate Board member, effective as of the opening of the agenda item 31. The Co-Chairs also announced that Mr. Elhassan had been nominated by consensus by the developing country constituency for the role of Co-Chair in 2019.

1144. They invited Mr. Elhassan to take the floor.

1145. Mr. Elhassan thanked the Board and expressed thanks to his constituency for their support. He noted that it would be a challenging task. Mr. Elhassan said that he fully recognized the seriousness of the role and confirmed that he was committed to work with his fellow Co-Chair and the Board to try to advance the mandate of GCF. Finally, he looked forward to working with all Board members, alternate Board members and advisers during the coming year.

1146. No decision was taken under this agenda item.

### **Agenda item 32: Other matters**

1147. No other matters were considered under this agenda item.

### **Agenda item 33: Report of the meeting**

1148. The Co-Chairs stated that a draft compilation of decisions would be distributed shortly after the meeting.

1149. The decisions as adopted, and their corresponding annexes, have been included in this document.

### **Agenda item 34: Close of the meeting**

1150. The Co-Chairs thanked the Government of Bahrain for generously hosting B.21 and for organizing a memorable dinner reception on the eve of the meeting. They also expressed their gratitude to the staff of the Secretariat for their hard work in ensuring the smooth running of proceedings. While they acknowledged the challenging nature of some Board discussions, they underlined that the Board had achieved significant results: over USD 1 billion in project funding had been approved and several key decisions, including on the replenishment process, had been adopted at the meeting. Looking to the new year, the Board would need to continue on its steep learning curve and aim to close policy gaps. Finally, the Co-Chairs extended their thanks to the outgoing Board members for their hard work and dedication, and they said that it had been a privilege to work with all Board members over the course of the year.

1151. The meeting was closed on Saturday, 20 October 2018 at 10:40 p.m.

**Annex I: Accreditation master agreement agreed with the  
Nederlandse Financierings-Maatschappij voor  
Ontwikkelingslanden N.V. (FMO)**

*This annex was distributed to the Board on a limited distribution basis.*



**Annex II: Substantive changes in the accreditation master agreement (AMA) between the Green Climate Fund and the FMO from the template considered by the Board (decision B.12/31)**

*This annex was distributed to the Board on a limited distribution basis.*

## Annex III: Workplan of the Board for 2019

Issue	B.22	B.23	B.24
<b>1. BOARD MATTERS</b>			
<b>a. Guidance from the COP</b>			
COP guidance and reports ( <i>Governing Instrument for the GCF, paras. 6 (a–c); decisions B.17/04, paras. (b) and (d); and B.19/02</i> ) (UNFCCC decision 5/CP.19)	Incorporation of COP 24 guidance into the Board workplan	<ul style="list-style-type: none"> <li>Consideration of the Co-Chairs' proposal on privileges and immunities of the GCF (UNFCCC decision 9/CP.23, para. 14, Decision B.19/02, para. (d))</li> <li>Approve the eighth GCF report to the COP – COP report to include the report of the COP 24 annual meeting with the UNFCCC thematic bodies; and updates related to complementarity and coherence with other funds (Decisions B.13/11, para. (e); B.17/04, para. (d); and B.18/02, para. (c))</li> </ul>	Addendum to the COP report submitted to the UNFCCC by the Co-Chair with the support of the Secretariat
Complementarity and coherence (Decisions B.13/12, para. (c); and B.17/04, para. (b)) (UNFCCC decisions 7/CP.21, para. 26; and 7/CP.20, para. 16)	<ul style="list-style-type: none"> <li>Adoption of an updated operational framework on complementarity and coherence for 2019–2020 (Decision B.20/05, para. (e))</li> </ul>	Annual report presenting the outputs from the operational framework on complementarity and coherence, To also be included in the seventh GCF report to the COP (Decisions B.17/04, para. (b); and B.18/03, para. (e))	
Mobilization of private sector finance to progress GCF forestry-related results areas <sup>1</sup> (Decisions B.12/07, para. (f); B.BM-2017/02; and B.17/01, para. (b) (xxi))		Mobilization of private sector finance to progress GCF forestry-related results areas	

<sup>1</sup> PSAG

Issue	B.22	B.23	B.24
Alternative policy approaches ( <i>Decisions B.12/07, para. (e); B.14/01, para. (e); and B.17/01</i> ) ( <i>UNFCCC decisions 10/CP.22, para. 4; and 7/CP.21, para. 25</i> )			Consideration of alternative policy approaches for the integral and sustainable management of forests*
Support for technology ( <i>Decisions B.18/03, para. (c) and B.20/03, para. (b)(ii)</i> ) ( <i>UNFCCC decision 7/CP.21, para. 22</i> )		Presentation of the TOR for a request for proposals to support climate technology incubators and accelerators ( <i>Decision B.18/03, para. (c)</i> )	
<b>b. Strategies and plans</b>			
Workplan of the Board			Adoption of the workplan for 2020
Strategic Plan of the GCF ( <i>Decisions B.11/03; B.12/20; and B.17/05, para. (d)</i> )	<ul style="list-style-type: none"> <li>• Presentation of a comprehensive 2018 annual status report on the implementation of the Strategic Plan</li> <li>• [Pending outcomes of B.21] Review of the Strategic Plan of the GCF (<i>Decision B.19/05, para. (c)</i>)</li> </ul>		
Communications strategy ( <i>Decisions B.01-13/05, para. (c); B.04/14, para. (c); B.13/25, para. (f); and B.17/01, para. (b) (ii)</i> )	Adoption of a communications strategy ( <i>Decisions B.13/25, para. (f); B.17/01, para. (b) (ii); and B.19/17, para. (b)</i> )		
<b>c. Committees, panels and groups</b>			
Review of committees and panels ( <i>Annexes XVI–XIX to decision B.05/13, and decision B.20/04, para. (b)</i> )	Presentation of findings of the review of committees and panel		
Oversight of Board-appointed officials <sup>2</sup> ( <i>Decisions B.12/08; and B.15/02, para. (a)</i> )	Board decision on oversight of the independent units ( <i>Decisions B.12/08; and B.15/02, para. (a)</i> )		

<sup>2</sup> Co-Chairs

Issue	B.22	B.23	B.24
Review of the TAP <sup>3</sup> (Decision B.19/08)		Review of the composition of the TAP upon finalization of the policies related to the proposal approval structure (Decision B.19/08, para. (k))	
Matters regarding conflicts of interest of persons engaged with the GCF <sup>4</sup> (Document GCF/B.16/23 titled "Decisions of the Board – sixteenth meeting of the Board, 4 – 6 April 2017", para. 8)		Consideration of recommendations from the Ethics and Audit Committee on various matters regarding conflicts of interest of persons engaged with the GCF (Document GCF/B.16/23, para. 8)	
A mechanism to draw on appropriate scientific and technical advice (Decisions B.04/09, para. (d); and B.14/07, para. (o))			Presentations of options for a mechanism to draw on appropriate scientific and technical advice
<b>d. Permanent Trustee selection</b>			
Competitive process for the selection of the Permanent Trustee <sup>5</sup> (Decisions B.08/22, para. (b); B.15/08, para. (a); B.16/05, annex II; and B.19/03)	[Pending outcome of B.21]		
<b>e. Observers</b>			
Participation of observers (Decisions B.01-13/03, annex XII, para. 17; B.05/23, para. (b); B.BM-2016/11; B.13/27, para. (b); and B.BM-2017/02)	Presentation of the outcomes of the review of guidelines on observer participation (Decisions B.BM-2016/11; and B.BM-2017/02)		

<sup>3</sup> Investment Committee.

<sup>4</sup> Ethics and Audit Committee

<sup>5</sup> Ad-hoc Committee on Trustee Selection.

Issue	B.22	B.23	B.24
Policies on ethics and conflicts of interest <sup>6</sup> (Decisions B.09/03, para. (b); and B.13/27, para. (b)) (Document GCF/B.16/23, para. 8)	Policy on ethics for active observers (Decisions B.09/03, para. (b); and B.13/27, para. (b))		
<b>2. RESOURCE MOBILIZATION</b>			
First formal replenishment process of the GCF <sup>7</sup> (Decisions B.12/09; and B.19/05)	[Pending outcomes of B.21]	[Pending outcomes of B.22]	[Pending outcomes of B.23]
Policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources (Decisions B.08/13, annex XIX, paras. 5–7; B.11/05, para. (d); B.14/01, para. (i); and B.17/01, para. (b) (viii))	Policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources		
<b>3. FUND POLICIES</b>			
<b>a. Investment framework – matters related to the approval of funding proposals</b>			
Initial proposal approval process (Decisions B.07/03; B.11/11; and B.17/09, paras. (g), (m), (o) and (p))		<ul style="list-style-type: none"> <li>Defining the nature, scope and extent of second-level due diligence by the Secretariat* (Decisions B.17/09, para. (o), and B.20/03, para. (b)(iv))</li> </ul>	
Simplified approval process (Decision B.18/06)	Review of the Simplified Approval Process Pilot Scheme (Decision B.18/06, para. (b))		

<sup>6</sup> Ethics and Audit Committee.

<sup>7</sup> Co-Chairs

Issue	B.22	B.23	B.24
Annual review of the financial terms and conditions of the GCF financial instruments <sup>8</sup> (Decisions B.09/04, para. (h))			Annual review of the financial terms and conditions
Annual review of the scaling pilot <sup>8</sup> (Decisions B.09/05, para. (f); and B.10/17, para (e))			Annual review of the scaling pilot (Decision B.10/17, para (e))
<b>b. Risk management framework</b>			
Development of the risk management framework <sup>9</sup>	<ul style="list-style-type: none"> <li>Adoption of risk rating models* (Decision B.17/11, para (f); and B.20/03, para. (b)(v))</li> <li>Adoption of the legal risk policy (Decision B.17/11, para. (g))</li> </ul>		
<b>c. Results management framework</b>			
Results management framework (Decisions B.08/07, para. (b); B.13/34; B.17/01 para. (b) (x); and B.19/06, para. (e) (iv)), B.19/21, annex XXI, para. 5(c) [independent evaluation of the RMF/PMF]	Finalization of indicators in the results management framework and performance measurement framework*		
<b>d. Fund-wide policies</b>			
Information disclosure policy (Decisions B.12/35, paras. (b) and (g); annex XXIX, para. 28; B.17/01, para. (b) (xvii); and B.18/01, para. (g))		Review of the live webcasting service for formal meetings of the Board (Decision B.BM-2018/07, para. (b))	Presentation of recommendations on the review of the relevant disclosure requirements once the environmental and social management system is developed (Decision B.12/35, para. (b))

<sup>8</sup> Investment Committee

<sup>9</sup> Risk Management Committee.



Issue	B.22	B.23	B.24
Travel policy for the GCF <sup>10</sup> (Decisions B.12/13, and B.15/02)			Adoption of a travel policy for the GCF
<b>4. ACCREDITATION FRAMEWORK</b>			
Initial fiduciary standards and integrity policies (Decisions B.07/02; B.12/31, para. (i); B.14/01, paras. (e) and (f); B.14/08, para. (f); and B.20/03, para. (b)(i))	Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism <sup>11*</sup> (Decisions B.12/31, para. (i); B.14/01, para. (e); and B.15/13)		Integration of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism in the interim fiduciary standards* (Decision B.14/01, para. (f))
Environmental and social management system <sup>12</sup> (Decisions B.07/02, para. (n); and B.19/10)	Consideration of a proposed approach to developing the GCF environmental and social safeguards standards (Decision B.19/10, para. (c))		
Monitoring and accountability framework (Decision B.11/10, para. (a), annex II)			Presentation of the annual portfolio performance report (Decision B.11/10, para. (a), and annex II, para. 9)
<b>5. COUNTRY PROGRAMMING AND READINESS</b>			
Implementation of the Readiness and Preparatory Support Programme (Decisions B.06/11, para. (f); and B.19/15, para. (f))	Consideration of a proposal for improving the Readiness Programme based on the outcome of the conclusions of the Secretariat's initial review and of the independent evaluation of the Readiness Programme (Decision B.19/15, para. (f))		
Country ownership guidelines (Decision B.17/21)	Presentation of the annual assessment of the application of the country ownership		

<sup>10</sup> Co-Chairs

<sup>11</sup> Ethics and Audit Committee

<sup>12</sup> Accreditation Committee.

Issue	B.22	B.23	B.24
	guidelines (Decision B.17/21, para. (c))		
Project preparation facility (PPF) Decision B.13/21			<ul style="list-style-type: none"> <li>Independent review of the implementation of operational guidelines and the effectiveness of the PPF (Decision B.13/21, para (e))</li> <li>Review of funding for the PPF (Decision B.13/21, para (f))</li> </ul>
<b>6. PRIVATE SECTOR MATTERS</b>			
Private sector in LDCs and SIDS <sup>13</sup> (Decisions B.19/18, para. (b); and B.20/03, para. (b)(vi); and UNFCCC decision 10/CP.22, para. 11)	Consideration of modalities to support activities to enable domestic and international private sector actors to engage in GCF activities in LDCs and SIDS (Decision B.19/18, para. (b), and B.20/03, para. (b)(vi))		
Private sector in adaptation <sup>13</sup> (Decisions B.15/03, para. (i)(ii); and B.17/06, para (d)(ii))		Consideration of PSAG recommendations to engage the private sector, including local actors, in adaptation action at the national, regional and international levels	
Private sector MSME pilot programme (Decisions B.09/09, para. (h); B.10/11, para. (b)(i); and B.13/22)			Presentation of TOR for request(s) for proposals for the remainder of the allocation for the MSME pilot programme (Decision B.13/22, para. (f))
<b>7. INDEPENDENT UNITS</b>			
Independent Integrity Unit <sup>14</sup>			<ul style="list-style-type: none"> <li>Presentation of the annual report of the Unit for 2019</li> </ul>

<sup>13</sup> PSAG

<sup>14</sup> Ethics and Audit Committee

Issue	B.22	B.23	B.24
			<ul style="list-style-type: none"> <li>Approval of the work programme and budget of the Unit for 2020</li> </ul>
Independent Evaluation Unit	<ul style="list-style-type: none"> <li>Approval of the independent evaluation policy* (Decision B.06/09, para. (a), annex III, para. (5); and B.16/07, para. (c))</li> </ul>		<ul style="list-style-type: none"> <li>Report from the learning oriented real-time impact assessment (LORTA) programme for GCF approved investments</li> <li>Presentation of the annual report of the Unit for 2019</li> <li>Approval of the work programme and budget of the Unit for 2020</li> </ul>
Independent Redress Mechanism <sup>14</sup>	<ul style="list-style-type: none"> <li>Adoption of detailed guidelines and procedures of the independent Redress Mechanism (Decision B.13/24, para. (b))</li> <li>Presentation of the annual report of the Unit for 2018</li> </ul>		Approval of the work programme and budget of the Unit for 2020
<b>8. ADMINISTRATIVE MATTERS</b>			
Administrative guidelines (Decision B.06/03, annex I)	Revised administrative guidelines on human resources	<ul style="list-style-type: none"> <li>Presentation of reviewed administrative guidelines on procurement (Decisions B.12/39, para. (a); and B.17/01, para. (c));</li> </ul>	<ul style="list-style-type: none"> <li>Administrative guidelines on information communication and technology</li> </ul>
Workplan and administrative budgets <sup>15</sup>	<ul style="list-style-type: none"> <li>A report on the execution of the administrative budgets for 2019</li> <li>Presentation of the draft unaudited financial statements for 2018</li> </ul>	<ul style="list-style-type: none"> <li>A report on the execution of the administrative budgets for 2019</li> <li>Approval of the audited financial statements for 2018</li> </ul>	<ul style="list-style-type: none"> <li>A report on the execution of the administrative budgets for 2019</li> <li>Approval of the work programme and administrative budget for 2020</li> </ul>

## 9. MATTERS TO BE ADDRESSED AT EACH BOARD MEETING

Approvals	<ul style="list-style-type: none"> <li>Consideration of funding proposals</li> </ul>
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<sup>15</sup> Budget Committee.

	<ul style="list-style-type: none"> <li>• Consideration of proposals to accredit entities</li> </ul>
Co-Chairs' report, consultations and standing matters	<p>The Co-Chairs will report to each meeting on the status of consultations and will bring those matters to the attention of the Board as appropriate.</p> <p>The report on the activities of the Co-Chairs will include status updates on:</p> <ul style="list-style-type: none"> <li>• The revised workplan following B.22 and B.23;</li> <li>• Board decisions proposed* and approved between meetings; and</li> <li>• Election of Co-Chairs (last Board meeting of the year)</li> </ul>
Secretariat matters	<ul style="list-style-type: none"> <li>• Report on the activities of the Secretariat, outlining the status of implementation of the Secretariat's work programme for 2018;</li> <li>• Actions taken to include gender considerations in the activities of the GCF (<i>Decision B.12/20, para. (d)</i>);</li> <li>• Legal and formal arrangements with accredited entities;</li> <li>• Status of the GCF portfolio and pipeline (<i>Decisions B.11/11; and B.13/21, para. (d)(ix)</i>); and status report on the PPF requests received (<i>Decisions B.13/21, para. (d)(ix); B.13/21, para. (f); and B.17/01, para. (b)(xiv)</i>);</li> <li>• Status of the GCF portfolio: approved projects and fulfilment of conditions (<i>Decision B.14/07, paras. (i) and (j)</i>);</li> <li>• Status of the initial resource mobilization process;</li> <li>• Progress report on the implementation of the Readiness work programme, including the status of NAPs (<i>Decision B.06/11, para. (f)</i>); and</li> <li>• Consolidated Board document on all information reports (<i>Decision B.18/12, para. (b)</i>)</li> </ul>
Independent unit reports	<ul style="list-style-type: none"> <li>• Reports of the independent units (<i>Independent Evaluation Unit report – decision B.19/21, para. (d)</i>)</li> </ul>
Other procedural agenda items	<ul style="list-style-type: none"> <li>• Adoption of the agenda;</li> <li>• Adoption of the report of the previous meeting;</li> <li>• Reports from Board committees, panels and groups;</li> <li>• Dates and venues of the following meetings of the Board (<i>Decision B.17/24, para. (c)</i>); and</li> <li>• Report of the meeting</li> </ul>

*Abbreviations:* B.18–24 = eighteenth to twenty-fourth meetings of the Board, COP = Conference of the Parties to the United Nations Framework Convention on Climate Change, LDCs = least developed countries, MSME = micro, small and medium-sized enterprise, NAP = national adaptation plan, PMFs = Performance Measurement Frameworks, PPF = Project Preparation Facility, PSAG = Private Sector Advisory Group, SIDS = small island developing States, RMF = Results management framework, TAP = independent Technical Advisory Panel, TOR = terms of reference, UNFCCC = United Nations Framework Convention on Climate Change.

\*Denotes matters required to be consulted with accredited entities prior to their being presented to the Board for adoption (clause 32.04 of the template AMA adopted by decision B.12/31 (annex XXVI))

## **Annex IV: Terms of reference of the Executive Director of the Green Climate Fund Secretariat**

### **I. Job description**

1. The Executive Director will be appointed by, and be accountable to, the Board of the Green Climate Fund.
2. The Executive Director, operating under the Board, will:
  - (a) Work to achieve the objective of the Fund, by establishing and maintaining effective relationships with the Fund's stakeholders in order to mobilize resources, including partner Governments, its contributors, recipients, and other components of the Fund, as well as the Trustee, the Conference of the Parties, relevant bodies under the United Nations Framework Convention on Climate Change (UNFCCC), observer organizations, multilateral, bilateral and development agencies and other stakeholders;
  - (b) Establish and maintain effective relationships with the Government of the Republic of Korea in maintaining the support provided to the offices in Songdo and ensuring that the officials of the Fund continue to enjoy the privileges and immunities associated with their official functions and status;
  - (c) Continue to recruit and retain a cadre of international and local professional staff for the Secretariat, ensuring that selection is open, transparent and based on merit, taking into account geographic and gender balance, in accordance with the organizational structure and administrative budget approved by the Board;
  - (d) Effectively manage and develop staff in order to maximise performance and promote an inclusive and healthy working environment;
  - (e) Provide regular and structured performance feedback to Secretariat staff, including direct reports;
  - (f) Lead the Secretariat's efforts in supporting the Board with the continued development and implementation of:
    - (i) The Fund's operational modalities, access modalities and funding structures;
    - (ii) Specific operational policies and guidelines, including for programming, project cycle, administration and financial management, as necessary;
    - (iii) Funding criteria, modalities, policies and programmes;
    - (iv) Environmental and social safeguards and fiduciary principles and standards that are internationally accepted as best practice;
    - (v) Portfolio management and oversight;
    - (vi) Criteria and application processes for the accreditation of implementing entities of the Fund;
    - (vii) The arrangements for replenishment processes; and
    - (viii) A framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits.
  - (g) Lead the Secretariat's team of professionals, responsible for the day-to-day operations of the Fund to:

- (i) Organize and execute all administrative duties, including the preparation for meetings of the Board and its subsidiary bodies;
  - (ii) Report information on the Fund's activities;
  - (iii) Liaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies;
  - (iv) Prepare performance reports on the implementation of activities under the Fund;
  - (v) Develop the work programme and annual administrative budget of the Secretariat and Trustee for approval by the Board;
  - (vi) Operationalize the project and programme cycle processes;
  - (vii) Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
  - (viii) Monitor the financial risks of the outstanding portfolio;
  - (ix) Work with the Trustee to support the Board to enable it to carry out its responsibilities;
  - (x) Carry out monitoring and evaluation function, as may be required by the Board;
  - (xi) Support the Board in arranging replenishment processes;
  - (xii) Establish and run effective knowledge management practices; and
  - (xiii) Perform any other functions assigned by the Board.
3. The Executive Director will report to the Board at its regular meetings.
  4. The Executive Director will be responsive to the Board, nurture and maintain open channels of communication, and build an effective relationship with the Board.

## **II. Required experience and qualifications**

5. The Executive Director will demonstrate:
  - (a) Strong intellectual leadership, based on knowledge and experience of climate change, development, finance, and their interrelationships;
  - (b) Sound political judgment and excellent strategic and analytical skills which can be applied to complex problems;
  - (c) Enhanced communication and advocacy skills to enable successful interaction with decision-makers at the highest level;
  - (d) Leadership and management experience within a large organization in an international context;
  - (e) Strong values and ethics, with the ability to mobilize and engage people;
  - (f) A track record of robust and accountable management of financial resources at a senior level, preferably in a development finance context;
  - (g) Experience in working with a range of stakeholders in developing and developed countries; Sensitivity to political, gender, cultural, religious differences;
  - (h) An impeccable reputation for honesty, integrity and expertise;
  - (i) Sufficient knowledge of the UNFCCC and the Paris Agreement;



- (j) Degree in a relevant field, advanced degree desirable;
- (k) At least 15 years of relevant experience, including experience in, or working with, developing countries; and
- (l) Fluency in English, knowledge of Arabic, Chinese, French, Russian or Spanish an advantage.

### **III. Remuneration, contractual arrangements and term**

- 6. Remuneration will be comparable to the level of a Vice President of the World Bank and an Assistant Secretary General in the United Nations common system.
- 7. The Board will appoint the Executive Director with a performance based contract.
- 8. The Executive Director's performance will be evaluated regularly in accordance with the performance criteria and measurement procedures approved by the Board in decision B.17/12, annex X.
- 9. The term of the position will be four years, with the possibility of reappointment once.

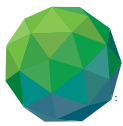
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## **Annex V: Selection process for the Executive Director of the Green Climate Fund Secretariat**

1. The following steps are proposed for the selection of the Executive Director:
  - (a) Approval by the Board of the selection process;
  - (b) Approval by the Board of the terms of reference for the independent executive search firm;
  - (c) Establishment by the Board of an ad hoc Executive Director Selection Committee consisting of eight Board members drawn equally from developing and developed countries that will oversee the selection process and make recommendations to the Board;
  - (d) Review of the applications by the Executive Director Selection Committee with the support of the independent executive search firm, including: creation of a long list of twelve candidates, a short list of six candidates, interviews with the six short listed candidates, creation of a final list of at least three candidates, and second-round interviews with the final list of candidates; the EDSC should strive to ensure a balance of candidates from developed and developing countries and gender balance in the long list, short list and final list of candidates;
  - (e) Recommendation by the EDSC of at least three final candidates to the Board by 15 February 2019, which may include a ranking by preference;
  - (f) Following presentation to the Board by at least three candidates, consideration by the Board of the Committee's recommendations, including Board agreement of one candidate from among the final three candidates; and
  - (g) The Board will make an offer to the selected candidate promptly following its agreement on the selected candidate.

## **Annex VI: Indicative timeline of the entire process for the appointment of the Executive Director of the Green Climate Fund Secretariat**

<b>Date/deadline</b>	<b>Content</b>	<b>Action</b>
B.21	Board decision containing the following: <ul style="list-style-type: none"> <li>• Adoption by the Board of the terms of reference for the Executive Director.</li> <li>• Approval by the Board on the ED selection process with indicative timeline.</li> <li>• Establishment by the Board of an Executive Director Selection Committee (EDSC) consisting of eight Board members drawn equally from developing and developed countries to oversee the selection process and make recommendations to the Board.</li> <li>• Budget allocation to support the costs of undertaking the search for the Executive Director.</li> <li>• Approval by the Board of the terms of reference and procurement of an independent executive search firm to assist EDSC in its work.</li> </ul>	Board decision
22 October 2018	Request for proposal for the executive search firm to be published online Terms of Reference for the Execution Director position to be published	Secretariat to publish online
5 November 2018	Receive bids from the executive search firm	Secretariat evaluation of the bids
9 November 2018	Secretariat to recommend the executive search firm to EDSC	Secretariat to recommend the executive search firm to EDSC
16 November 2018	Contract with executive search firm to be signed Launch the vacancy advertisement in appropriate media including social media	EDSC Co-Chairs to sign contract with executive search firm
12 December 2018	Deadline for applications	
Short list by 31 December 2018	Follow the “selection process” on shortlisting: <ul style="list-style-type: none"> <li>• First cut list of 20 to 25 candidates;</li> <li>• Long list of 12 candidates;</li> <li>• Short list of 6 candidates</li> </ul>	EDSC in-person or virtual meeting(s), location TBD
Mid-January 2019	In person interviews of short listed candidates (6 candidates).	EDSC in-person or virtual meetings, location TBC
End of January 2019	Final list of at least 3 candidates	EDSC virtual meeting
Early February 2018	In-person interviews of final list of at least 3 candidates	EDSC in person meeting, location TBD
By 15 February 2019	Recommendation by the EDSC of at least three final candidates to the Board, which may include ranking by preference.	EDSC Recommendation



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B.22	Consideration by the Board of the EDSC's recommendations, including Board agreement of one candidate from among the final three candidates.	Board decision
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## **Annex VII: Terms of reference of the Executive Director Selection Committee**

### **I. Role and functions**

1. The role of the Executive Director Selection Committee (EDSC) is to oversee the selection process of the Executive Director in accordance with these terms of reference; and recommend at least three final candidates to the Board at its twenty first meeting.
2. In particular, and without limitation, the EDSC shall:
  - (a) With the support of the Secretariat, select and engage the executive search firm;
  - (b) Provide guidance and approve the vacancy advertisement to be published by the executive search firm;
  - (c) With the support of the executive search firm:
    - (i) Establish a long list of twelve candidates;
    - (ii) Establish a short list of six candidates;
    - (iii) Interview the short list of candidates;
    - (iv) Establish a final list of at least three candidates;
    - (v) Interview the final list of candidates;
    - (vi) Prepare a detailed final report to be presented to the Board for decision, with may include a recommendation with a ranking by preference; and
    - (vii) Strive to ensure a balance of candidates from developed and developing countries and gender balance on the long list, short list and final list of candidates.

### **II. Membership**

3. The ad hoc committee will comprise:
  - (a) Four developing country Board members; and
  - (b) Four developed country Board members.
4. In accordance with the Board Guidelines on the Participation of Advisers, one advisor may support each Committee member.
5. Members of the EDSC will serve for its duration as per paragraph 5.
6. The members of the EDSC shall elect two co-chairs, one from developed countries and one from developing countries.

### **III. Duration**

7. The EDSC will be an ad hoc committee of the Board and shall function until the earlier of:
  - (a) The conclusion of the selection process of the Executive Director; and
  - (b) The Board having decided to terminate the Committee.

## **Annex VIII: Terms of reference of the independent executive search firm**

### **I. Introduction**

1. The Executive Director Selection Committee (EDSC) established by the Board will oversee the recruitment process for the Executive Director.
2. It will engage a recruitment firm with demonstrated experience within the international system to provide advisory and administrative support. It is expected that the recruitment process will be completed by the twenty first meeting of the Board.
3. The Secretariat will provide the EDSC with logistical and administrative support.
4. This request for proposal (RFP) seeks to identify a recruitment firm that will assist the recruitment process by undertaking the tasks described in this RFP. The authority to decide on the selection of a recruitment firm rests with the EDSC.

### **II. Objective of the assignment**

5. The objective of the assignment is to ensure an open and transparent recruitment process of the Executive Director, by providing long lists, short lists and a final list of at least three qualified applicants.

### **III. Scope and focus of the assignment**

6. The successful recruitment firm will be responsible for the screening process (long listing, short listing and final listing). The Fund will maintain oversight over the outsourced recruitment services in order to ensure compliance with the Fund's recruitment policies and procedures.
7. Job categories to be covered: Executive Director

### **IV. Activities to be undertaken by the firm under the direction of the EDSC**

#### **4.1 Phase I: Attracting and communicating with candidates**

- (a) Review the job description of the position and ensure that the selection criteria are properly formulated;
- (b) Develop a role specification for the position based on the job description of the Executive Director with guidance from the EDSC;
- (c) Develop and launch the vacancy advertisement in appropriate media including social media;
- (d) Receive and keep record of all applications;
- (e) Act as the contact point for those seeking information and/or proposing candidates;
- (f) Communicate, where appropriate, with the applicants; and



- (g) Conduct an executive search for candidates, using networks, rosters, referrals and other appropriate means, striving for a balance between developed and developing country candidates and gender balance at all stages of the selection process.

## 4.2 Phase II: Supporting the work of the EDSC

### 4.2.1 **Establishment of the first cut list of candidates (twenty to twenty-five) for the position**

- (a) Review all applications received;
- (b) Screen all applications against the requirements of the post, by CV review and any other information that can be gathered without contacting the candidates; and
- (c) Present to the EDSC for its approval the first cut list of 20-25 candidates as well as appropriate background information.

### 4.2.2 **Establishment of the long list of candidates (approximately twelve)**

- (a) Assess all individuals on the first cut list of 20-25 candidates, by all reasonable means, for example CV and application review, discussion with candidates, informal references and interviews. Present the EDSC with the first cut list of 20-25 candidates with verbal and written comments; and
- (b) Assist the EDSC in establishing a long list of candidates (approximately 12 candidates) that will be further evaluated.

### 4.2.3 **Establishment of the short list of candidates (approximately six)**

- (a) Conduct appropriate reference checks and further screening on all the long list of candidates (approximately 12), and present the EDSC with a detailed report, including all available background information, detailed curricula vitae and references;
- (b) Assist the EDSC in establishing a short list of candidates (approximately six) that will be further evaluated;
- (c) Assist the EDSC's interviews with the short list candidates, including drafting suitable and effective interview questions;
- (d) Attend the interviews and prepare a report with the minutes of the interviews conducted, for consideration by the EDSC.

### 4.2.4 **Establishment of the final list of candidates (at least three)**

- (a) Assist the EDSC in establishing the final list of three candidates which may include ranking by preference, to be presented to the Board for final approval;
- (b) Assist the EDSC to interview the final list of at least three candidates, including drafting probing interview questions and preparing a scoring sheet for the EDSC and preparing a short report;
- (c) Assist the EDSC in preparing a detailed final report to be presented to the Board for decision;
- (d) Keep close communication with all the candidates, present the Green Climate Fund in the best possible light as an attractive employer; and

- (e) Respond to all questions and concerns in a timely way, and keep all candidates informed about the progress of their candidacy.

## **V. Outputs**

- 8. To provide, as a result of the above:
  - (a) A first cut list of 20-25 candidates;
  - (b) Assist the EDSC to select a long list of 12 candidates;
  - (c) Assist the EDSC to select a short list of 6 candidates;
  - (d) Assist the EDSC to select final list of candidates;
  - (e) Complete data and brief comments on the first cut list of 20-25 candidates;
  - (f) A report on the process to establish the long list of candidates;
  - (g) A report on the interviews conducted for establishing the short list of candidates;
  - (h) Draft interview questions and a scoring grid for the EDSC and prepare a report on the interviews of the final list of candidates; and
  - (i) Prepare a detailed final report, in collaboration with the EDSC, on the final list of candidates and the recruitment process.

## **VI. Monitoring and progress controls, including reporting requirements**

- 9. The recruitment firm shall work closely with the EDSC. It will only have contact with the Fund's Secretariat for purely administrative purposes.

## **VII. Confidentiality**

- 10. All details of this assignment, candidates, selection processes, discussions, interviews etc. must be kept entirely confidential. The consultants are expected to understand the sensitive nature of this assignment and act accordingly.

## **VIII. Duration of the consultancy**

- 11. This consultancy is expected to take up to a maximum of four months starting from the date of signature of the contract by both parties, subject to adjustments as required.
- 12. The contract ends at the point of signature of the contract by selected candidate. If the candidate resigns or is let go within one year of taking up his or her role, the recruitment firm is obliged to find a replacement without charging a fee.

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## **Annex IX: Budget increment for 2018/2019 approved by the Board**

*This annex was distributed to the Board on a limited distribution basis.*

## Annex X: 2019 Work Plan of the Independent Redress Mechanism

### I. Introduction

#### 1.1 Background

1. The Independent Redress Mechanism (IRM) is mandated in paragraph 69 of the GCF's Governing Instrument. This paragraph states that "(t)he Board will establish an independent redress mechanism that will report to the Board. The mechanism will receive complaints related to the operation of the Fund and will evaluate and make recommendations." The IRM performs a key function within the GCF's accountability mechanisms. The IRM reports directly to the Board and is subject to the decisions of the Board. It is independent of the Secretariat of the GCF. The IRMs mandate is contained in the updated terms of reference adopted by the Board on 25 September 2017 (decision B.BM-2017/10).

2. The updated TOR of the IRM tasks the IRM with the following activities:

- (a) **Reconsideration requests:** Addressing requests from developing countries for reconsideration of Board decisions denying funding to a project or programme;
- (b) **Complaints and Grievances:** Addressing complaints and grievances from persons adversely impacted by projects or programmes of the GCF;
- (c) **Advisory:** Recommending reconsideration of GCF policies, procedures, guidelines and systems based on lessons learned from cases handled by the IRM and from good international practice; providing guidance to the GCF's readiness and accreditation activities based on best practices;
- (d) **Capacity building:** strengthening the capacities of accountability and redress mechanisms of direct access entities; and
- (e) **Outreach:** Providing education and outreach to stakeholders, the public and staff of the GCF.

3. The terms of reference specify that "to ensure the financial independence of the IRM, the Head of the IRM will propose a work plan, and budget for meeting the annual expenses and the Board will consider and approve this work plan and budget." The terms of reference also state that the annual work plan and budget shall be submitted to the Board through the Ethics and Audit Committee (EAC).

4. The IRM developed this work plan and budget for 2019 to give effect to Board decisions and implement the Board approved terms of reference. This work plan and budget was submitted to, and approved by, the EAC on 8 August 2018. Subsequently, the Budget Committee of the Board also considered and approved the work plan and budget for 2019. The Board is requested to consider and approve the same.

#### 1.2 Implementation of the 2018 Work Plan

5. As mandated by the Board in decision B.15/12, the IRM has consulted with the Ethics and Audit Committee (EAC) in the implementation of the 2018 work plan, reporting to it on a quarterly basis. Summaries of the work of the IRM from January to September 2018 have been provided to the Board in three documents titled "Report on the activities of the Independent Redress Mechanism" dated 4 February 2018 (document GCF/B.19/17), 5 June 2018 (document GCF/B.20/Inf.03) and 25 September 2018 (document GCF/B.21/Inf.06).

## 1.3 Work plan and budget

6. The budget for 2019 will allow the IRM to implement the activities set out in this work plan. The budget was developed in consultation with the Chief Financial Officer of the GCF Secretariat. Depending on the complaints and reconsideration requests received by the IRM (which are unpredictable), the budget may need to be supplemented during the year. The budget is set out in annex III hereof.

## 1.4 Key components of the 2019 Work Plan

7. The work plan is divided into two closely related components. Each component is essential for operating the IRM and ensuring that Board mandated tasks are completed in a timely and efficient fashion. A draft Board decision is suggested in annex I. The two main components of the work plan are as follows:

- (i) Operate the IRM;
  - (ii) Process complaints and requests for reconsideration of funding decisions.
8. Each of these tasks is explained in more detail below.

## II. Operate the IRM

### 2.1 Staff and consultants

9. The IRM is led by the Head of the IRM. It is now staffed by a Compliance and Dispute Resolution Specialist, and a Team Assistant. One staffing change is envisaged in 2019 in anticipation of the Procedures and Guidelines scheduled to be adopted by the Board in 2018. The current position of Team Assistant which is a local hiring will need to be upgraded to an international hire at an IS1 level and re-designated as “Registrar IRM”.

10. The work of the two senior level Advisors of the IRM who served as consultants since 2017 have been completed and as such their services will not be required in 2019. The IRM is constituting rosters of subject experts, translators and mediators on an open competitive basis. Should the IRM need such services, they will be drawn from the rostered consultants on a financially competitive basis.

### 2.2 Procedures and guidelines

11. The Board, by decision B.13/24, requested the Head of the IRM to prepare, with the support of the Secretariat, for consideration by the Board, Procedures and Guidelines for the IRM (decision B.06/09, annex V, para. 14 (document GCF/B.06/18, annex V, para. 14)) “in close consultation with similar or equivalent mechanisms of accredited entities and other stakeholders”. The IRM has given effect to this decision. Draft Procedures and Guidelines are scheduled to be presented to the Board at B.21 for adoption after the EAC concludes its deliberation on the draft. The IRM will continue to support the Board in adopting the Procedures and Guidelines either at B.21 or at a Board meeting thereafter and in implementing the same thereafter.

### 2.3 Operating procedures (OPs) for the IRM

12. The IRM developed and commenced piloting draft supporting operating procedures (SoPs) in early 2018, to efficiently and effectively implement the TOR and the Procedures and Guidelines of the IRM when adopted by the Board. The SoPs will continue to be pilot tested in 2019 and finalized and issued in the course of the year.

## 2.4 Advisory services

13. The IRM is mandated to provide the Board and the GCF Secretariat with advice on changes to policies, procedures, systems etc of the GCF based on lessons learned either from cases handled by it or from international best practices. The IRM will prepare a lesson learned report in 2019 for presentation to the Board and the Secretariat with recommendations, as appropriate. The IRM also works collaboratively with the other two independent units. In accordance with the draft Policy on the Protection of Whistle-blowers and Witnesses the Independent Integrity Unit and the IRM will cooperate and coordinate with each other to maximize the effectiveness of that Policy, once adopted by the Board.

## 2.5 Strengthening capacities of redress mechanisms of direct access AEs

14. Under the TOR, the IRM is mandated to share best practices and give guidance that can be helpful for strengthening of capacities of the accountability/redress mechanisms of direct access accredited entities. In 2018, the IRM developed capacity building activities for strengthening redress mechanisms of direct access entities who need such assistance. Based on a survey of such mechanisms and their capacities, the IRM assessed their needs and has provided basic training through workshops and advice. These activities will be continued and improved in 2019. Experience gained in strengthening such capacities will be summarized and shared with the redress mechanisms of all accredited entities in 2019.
15. In 2019, the IRM plans to conduct two clinics and plenary sessions as part of the annual DAE workshop organised by the secretariat. Additionally, the IRM plans to conduct two, 2-day workshop for staff of 8-10 selected grievance mechanisms of DAEs. Additionally, the IRM will hold clinics and participate in a plenary session at five regional Structured Dialogues targeting NDAs and AE as well as Accredited Observers.

## 2.6 Communications strategy

16. The IRM has developed and is implementing a communications strategy to give effect to its TOR. The implementation of the strategy has budgetary implications. The strategy will help achieve the following TOR mandated tasks systematically and efficiently:
- (a) Share lessons learned from cases that are handled by the IRM;
  - (b) Share best practices with the GCF and with direct access accredited entities and strengthen the capacity of grievance redress mechanisms of such entities, as appropriate; and
  - (c) Provide outreach and education to relevant stakeholders and the public through workshops (including with civil society, accredited entities and NDAs at structured dialogues organised by the Secretariat) and disseminate information in user-friendly formats. In these efforts, the IRM will work closely with redress mechanisms of accredited entities to conduct regional and national workshops and other outreach events. Two such outreach events are planned in 2019 targeting civil society groups in developing countries.



## 2.7 Case management system (CMS)

17. The IRM is acquiring a case management system (CMS) in 2018 through an open competitive process. The CMS allows the IRM to systematically, consistently and timely process complaints and reconsideration requests received by it. The CMS is also needed to collect and analyse data related to such complaints and reconsideration requests so that the IRM's capacity building activities for accredited entities and advice to the GCF based on lessons learned are well grounded. The CMS needs to be maintained by the software vendor and a budgetary allocation is sought to support the same.

## 2.8 Independent Accountability Mechanisms Network

18. With Board approval, the IRM joined the Independent Accountability Mechanisms Network (IAMnet) in February 2017. IAMnet is a community of practice in this area. There are over 40 accountability mechanisms of international financial institutions and funds, and a significant number of the independent redress mechanisms of the current accredited entities are members of this network. The IRM will continue to actively participate in IAMnet, including attending its annual meeting and serving on working groups.

## 2.9 Reports

19. The TOR requires the IRM to publish an annual report for dissemination to the public. Such a report was published for 2017 in January 2018. A similar report will be published for 2018 in January 2019. Additionally, the TOR envisages periodic activity reports from the IRM to the Board. Furthermore, the GCF is expected to report to the UNFCCC, among other things, about the work of the IRM. The IRM will prepare all the aforesaid reports in a timely and appropriate manner. Public reports will be published on the IRM's website and will also be made available through other appropriate means.

# III. Process complaints and reconsideration requests

## 3.1 Complaints and requests

20. The IRM is now operational and able to process (a) *complaints* from persons adversely affected by GCF funded projects or programmes, and (b) *requests* from developing countries for reconsideration of funding denied by the Board. In 2017, the IRM received one complaint from Bangladesh which was declared ineligible. In 2018 the IRM has not received any *complaints* and has so far received one *request* from Argentina for reconsideration of a funding decision denying funding by the Board (later withdrawn).

21. While it is not possible to predict how many complaints or requests will be filed in any given year, for purposes of planning and budgeting, the IRM estimated the possibility of three cases being filed in 2018. For 2019, budgetary provision is sought on a similar estimated basis.

## Annex XI: Budget for 2019

This work plan and budget was submitted to, and approved by, the EAC on 8 August 2018. Subsequently, the Budget Committee of the Board also considered and approved the work plan and budget for 2019.

Independent Redress Mechanism Unit BUDGET 2019			
		2018 Approved Budget	2019 Draft Budget
<b>4.1</b>	<b>Salaries and consultants</b>		
4.1.1	Full-time staff	574,820	728,680
4.1.2	Consultancies	134,000	121,000
	<b>Sub-total: Salaries &amp; consultants</b>	<b>708,820</b>	<b>849,680</b>
<b>4.2</b>	<b>Travel</b>		
4.2.1	Travel	30,000	95,140
4.2.2	Travel associated with complaints/requests	48,000	68,850
	<b>Sub-total: Travel</b>	<b>78,000</b>	<b>163,990</b>
<b>4.3</b>	<b>Professional services</b>		
4.3.1	Case management system	100,000	-
	Operating costs including outreach/CB materials	25,000	147,550
	<b>Sub-total: Professional services</b>	<b>125,000</b>	<b>147,550</b>
	<b>Grand total (1+2+3)</b>	<b>911,820</b>	<b>1,161,220</b>

### Notes:

**4.1.1** The salary component for 2019 has increased from 2018. The Team Assistant position (Locally hired AS level) is being suppressed at the end of 2018 and replaced with an IS1 position. The draft Procedures and Guidelines of the IRM envisages a "Registrar of the IRM" staff position that will perform key procedural duties including those other duties currently performed by the Team Assistant. These functions carry a higher responsibility and will require a qualified IS staff member. All other IRM staff positions will remain unchanged.

**4.1.2** The number of requests and complaints that may be received in 2019 is unpredictable. For the purposes of this budget it has been assumed (as in 2018) that the IRM may receive 3 cases in 2019 with a geographical spread in Africa, Latin America and Asia. The basis of the estimate for 2019 is similar to that of the 2018 budget, with additional estimates for translations which was not included in 2018. These costs include hiring of subject experts, mediators and translators.

**4.2.1** Staff travel includes IRM staff attending one Board meeting to be held outside of Songdo, the annual meeting of IAMnet, five regional structured dialogues for NDAs, AEs and accredited observers conducted by the secretariat, 2 outreach events jointly conducted with other redress/accountability mechanism for civil society organizations and grievance redress mechanisms of Direct Access Entities and for participation in two accountability and redress related conferences/workshops/trainings for IRM staff.

**4.2.2** IRM staff and consultant travels associated with 3 potential complaints and reconsideration requests that may be received by the IRM in 2019. Travel for each case has been budgeted on the basis that the Staff of the IRM and one expert and/or one mediator will need to travel to the project country once during problem solving, once during investigation in each such case and once during post-decisional monitoring.

**4.3.1** Operating costs include maintenance of the Case Management System, a website upgrade, publication and design of materials for capacity development and outreach workshops.

## Annex XII: IEU's Annual Work Plan and Budget for 2019

1. The following annex is organized accordingly:
  - (a) Section I summarizes the IEU's key achievements for 2018;
  - (b) Section II presents important elements of the IEU's 2019 work plan;
  - (c) Section III presents the budget for the IEU for 2019

### I. IEU's achievements in 2018

2. As laid out in its annual report in document GCF/B.21/Inf.09, the IEU has accomplished or will accomplish by the end of 2018, all tasks it set out to achieve as outlined in its 2018 work plan and agenda (decision B.19/21). Key elements of these achievements include:
  - (a) Presentation of the IEU's first annual report to the GCF Board (document GCF/B.21/Inf.09) and regular quarterly reports (document GCF/B.20/Inf.04; document GCF/B.19/16). The IEU also produces a quarterly newsletter which is disseminated widely;
  - (b) Hiring four key staff for the IEU while the recruitment process for three additional staff positions is underway: This will bring the IEU's overall staff strength to nine at the end of 2018. IEU Songdo-based staff are supported by five consultants and three interns who provide critical support during these early stages of the IEU's development which include database development, research for approach papers, support for ongoing evaluations as well as ongoing engagements including capacity building work and the development of training and communication products.
  - (c) Producing three key evaluation related outputs: These include the independent evaluation of the readiness and preparatory support program and the review of the results management framework, both of which will be presented to the Board at B.21. As also planned, the IEU initiated the Learning-Oriented Real-Time Impact Assessment (LORTA) program in 2018. Formative evaluations will be completed before the end of 2018. Approach papers and summary notes for all three evaluation activities are available on the IEU's new website and all reports will also be made available before the end of the year.
  - (d) Draft evaluation policy of the GCF:<sup>1</sup> The IEU has undertaken widespread consultations internally and externally, and reviewed evaluation policies and practices in other organizations. It has also held consultation-webinars and workshops at three different structured dialogues to elicit best practices and spread awareness on standards and implications of the proposed policy as well as to discuss concerns and questions. In discussion with Board members and the co-chairs, the formal presentation of this policy has been postponed to B.22.
  - (e) Capacity needs assessment: The IEU undertook an assessment of evaluation capacities of GCF stakeholder agencies including DAE staff as well as an evaluability assessment of approved GCF investments.<sup>2</sup> Key needs that were identified by NDAs, AEs and Secretariat staff included understanding and preparing theories of change, informing investment criteria in a rigorous and credible manner, developing techniques for critical appraisal, measuring the effects of the Fund's investments, building capacity for tracking

<sup>1</sup> In discussion with the co-chairs, this agenda item has been postponed to B.22.

<sup>2</sup> A working paper titled 'Making GCF faster, smarter, better: An assessment of quality of GCF proposals' discussing these will be available in November 2018.

implementation fidelity and estimating cost-effectiveness. The IEU will publish a working paper on the extent to which GCF projects are able to robustly measure impacts, at the end of 2018 while also suggesting remedial actions.<sup>3</sup>

- (f) Consolidating evaluation-related evidence and adopting state-of-the-art methods in evaluations: In 2018, the IEU initiated work on three global evidence reviews to help understand the state of evidence in climate change and to support its work on providing strategic guidance. These are evidence reviews of three topics that are relevant to the GCF and that investigate what works, for whom, why and how much. The three topics are transformational change, adaptation and forestry. Approach papers on these topics will be available at the end of 2018. Final papers will be available in 2019. One learning paper on the review of transformational change is now available on IEU's new website.<sup>4</sup> The IEU has also started work on examining complexity theory and how this may affect its own evaluation practices including practices of theory of change and measurement. In this respect it is collaborating with a highly accomplished academic. This paper will be available in 2019. Last but not least, the IEU is also recruiting a team to aid its thinking on GIS and data development and has produced an approach paper in this regard which is available on request.
- (g) Building partnerships and increasing awareness: In addition to overseeing and providing critical inputs to signing AMAs with the GCF's accredited entities, for which the IEU actively engaged in to ensure evaluation considerations were incorporated into AE plans and commitments, the IEU also collaborated with several agencies on joint work and partnerships. These ensure that IEU remains at the forefront of evidence theory and practice:
  - (i) IEU staff constitute the advisory committee for WFP's assessment of resilience. They also provided peer review inputs to the Caribbean Development Bank's assessment of climate programming in the region;
  - (ii) The Unit is collaborating with the Learning and Evaluation Initiative of the Climate Investment Fund's on its transformational and learning partnership while also co-creating and co-supporting an evidence review of transformational change;
  - (iii) The IEU co-hosted a multi-agency learning workshop on evidence in the forestry and REDD+ sector along with NORAD's Independent Evaluation Office, GEF's Independent Evaluation Office and the UNEP's Evaluation Office;
  - (iv) IEU staff have presented at and organized several evaluation related events on the back of events being hosted by other agencies that the IEU is actively collaborating with. IEU co-organized and supported training workshops on evaluation and techniques at a pan-African evaluation meeting (organized by the International Center for Evaluation and Development), the annual meetings of the United Nation's Evaluation Group (where it has been granted observer status), Asian Evaluation Week (supported by ADB), the IDEAS annual conference on development evaluation (in November 2017), the Annual Evaluation event hosted by the UNDP's Independent Evaluation Office (in October 2017), IFAD's Evaluation Office (in May 2018) and by UNISDR (in June 2019).

<sup>3</sup> Op. cit.

<sup>4</sup> 'Transformational change – the challenge of a brave new world' by J. Puri, IEU Learning Paper No. 1, Songdo, South Korea, 2018.

- (v) IEU staff and consultants have also presented papers at the African Futures Conference, Athens University of Economics and Business and at the International Conference for Agricultural Economists.
- (vi) This year the IEU signed partnership agreements with CIF, ICIMOD (International Center for Integrated Mountain Development), the German Evaluation Agency (DEVAL), FAO's Office of Evaluation (OED), CIFOR (International Center for Forestry Research in Bogor), Incheon National University and Seoul National University.
- (vii) The IEU's new website is helping to spread evaluation related information and to become more actively involved in communicating IEU's work<sup>5</sup>. The website is also gearing up to becoming a one-stop-shop for staff at accredited entities looking to know more about good evaluation practices as related to climate change. Invited blog posts that feature leaders in the climate change community have become a regular feature on the site. All IEU's approach papers, reviews, evaluations and learning papers are featured on the IEU's website.
- (viii) The IEU's monthly lunch talks hosted in Songdo have become widely recognized as an opportunity to engage with experts from around the world on topics related to climate change and evaluation. The IEU has successfully hosted fourteen monthly lunch talks and has a full calendar for the coming five months.

## II. IEU's 2019 Work Plan

3. Key elements of the IEU's work plan for 2019 are as follows. A timeline is presented in Table 1.
4. **Building the IEU:** In 2019, an important focus for the IEU will be to continue to build and strengthen the Unit. Main activities include:
  - (a) Staffing the IEU: In its three-year rolling work plan, the IEU has committed to doing four evaluations annually. To meet this objective, the IEU will hire three new staff in 2019, bringing the total number of staff members for the IEU to twelve. They will include one data expert, one implementation science specialist and one evaluation specialist.
  - (b) Evaluation policy of the GCF: As requested by the Board, the IEU will present the GCF's Evaluation Policy at B.22.6 Additionally during 2019, the IEU will prepare guidelines and standards that will inform the policy and work on creating awareness and building capacity among the GCF's stakeholders. As indicated in Table 1, the IEU will have a set of guidelines and procedures by the end of 2019.
  - (c) Regular reporting: As has become regular practice, the IEU will continue to circulate quarterly progress reports and an annual report. IEU's first annual report is being circulated at B.21. IEU's second annual report will be circulated at B.24.
  - (d) Building awareness: The IEU will continue to work on engaging key stakeholders and partners to increase awareness on the use and relevance of the evaluation function and ensure that it is harnessing its partnerships and creating a compelling coalition with other similar agencies on learning, evaluation and measurement.
5. **Evaluations:** The IEU will undertake four evaluation-related activities in 2019. The purpose of these evaluations will be to support the Board by providing it with credible

<sup>5</sup> Please see <https://ieu.greenclimate.fund/home>

<sup>6</sup> On the advice of the Co-Chairs, this has been postponed to B.22 from B.21.

evaluation evidence on the performance of the Fund and to ensure that the Fund is learning in real-time. This work stream includes:

- (a) A forward-looking performance review of the GCF: The IEU will lead an independent performance review of the GCF. The overall aim of the review will be to assess the extent to which the GCF has delivered its objectives as laid out in its initial strategic plan and the extent to which it has responded successfully to the needs of developing countries. The performance review will be sensitive to the current (early) stage of evolution of the GCF and will draw on external expertise as appropriate.<sup>7</sup>
  - (i) The forward-looking review will assess progress by the Fund in delivering its mandate as set out in the Governing Instrument; examine its performance in the context of its core operational priorities and actions as outlined in the initial Strategic Plan; examine the likely performance of the Fund, its funded activities and their effectiveness and efficiency; assess the existing GCF portfolio and expected impacts of funding decisions and other support activities, including in terms of mitigation and adaptation. It will also examine GCF's various financial instruments for their likely effectiveness and efficiency and constructively lay out any gaps that may be addressed in the GCF's strategy. The review will consider the outcomes of existing GCF reviews, validate them and synthesize outcomes to draw implications for the GCF's next strategic plan. This review will examine past performance to make inferences regarding the future likelihood of impact and will be constructive as it informs the next phase of the Fund. In this sense, the review will be backward-looking as well as forward-looking.
  - (i) The review, to be initiated during the latter part of 2018 following a decision being proposed at B.21, will be completed by June 2019. The IEU will present emerging areas of recommendations by 30 March 2019. A final document will be available by 30 June 2019.
- (b) An independent assessment of the Fund's success in ensuring country ownership: Country ownership is a core principle for the GCF.<sup>8</sup> The IEU will examine the extent to which country needs and country ownership have been incorporated in both the design and implementation of the Fund's policies and practices. The review will include country engagement, review of key documents, on-the-ground verifications and an assessment of what is working, how and for whom, while identifying key bottlenecks in ensuring access and commitment to this overall guiding principle of country ownership. The assessment will recognize that country ownership is an evolving and ongoing process and will make recommendations for improvements. The overall and final report will be available in October 2019.

<sup>7</sup> Decision B.06/Annex III, evaluations will "provide the Board and COP an independent assessment of the Fund's operations. Some of the evaluations will also be used as building blocks for an overall assessment of the Fund."

<sup>8</sup> The principle of country ownership is reflected in the Governing Instrument and various Board decisions. Paragraph 3 of the Governing Instrument provides that: *"The Fund will pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders."* Furthermore, paragraph 31 of the Governing Instrument in its operational modalities notes that: *"The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects."* The Board recognized the importance of enhancing country ownership, country drivenness and the role that national designated authorities (NDAs)/focal points (FPs) can play in this regard (Decision B.10/10). As explained in the Guidelines for Enhanced Country Ownership and country drivenness (document GCF.B.17/14), Decision B.04/05 reaffirms the centrality of country ownership and of the country driven approach to the Fund, establishing the functions of the NDAs/FPs accordingly. These Guidelines, which were approved at B.17, are the most recent comprehensive guidance by the Board on this matter.



- (c) An assessment of the GCF's environmental and social safeguards (ESS) including the Environmental and Social management system (ESMS):<sup>9</sup> The IEU will assess the extent to which past and current social and environmental safeguards, the ESMS and the policy have been useful and have helped mitigate key risks for the Fund with a special focus on LDCs, African countries and SIDS. The review will determine which current safeguards can be strengthened and examine their implementation in implemented projects. It will constructively assess how environmental and social considerations may be used and mainstreamed in the best possible manner to help inform the Secretariat's work in this space.
- (d) Continuation of the Learning-Oriented Real-Time Impact Assessment (LORTA) program that aims to build capacity and mechanisms for measuring causal impacts of GCF investments: This technical assistance program will help approved GCF projects build high quality and useful baseline data, support real-time learning on the likelihood of impacts and measure causal impact of GCF investments. In 2018, eight projects were selected for strengthening impact measurement and tracking implementation fidelity. The eight projects focus on climate information services, REDD+ and adaptation. The first phase of this pilot on the "formative project evaluations" will be conclude at the end of 2018. An IEU report will present findings from these eight projects that are being informed by field missions and technical assistance for high-quality data collection. In 2019, the IEU will support six additional projects that will be selected for their ownership and representativeness, among other criteria. A key report will be presented as part of the IEU's quarterly report at B.22, and a report laying out baseline findings from all selected projects will be submitted to the Board at B.24.
6. **Evidence-based advisory services, learning and capacity strengthening:** The IEU's terms of reference requires it to develop plans to ensure that evaluations inform learning across the Fund.<sup>10</sup> The IEU's plan for 2019 will include the following components:
- (a) Building a Geographic Information Systems (GIS) database: In 2019, the IEU will build a GIS database for all approved projects (until 2018) that will include geo-coded boundaries. It will also link the vector layers (that show boundaries) with other spatially disaggregated data and layers including digital and satellite maps of elevation, soil, slope, land use and population. In keeping with best practices in the field, the GIS dataset will provide the IEU with the ability to assess and measure impact and changes over time and will also add to its insights from LORTA as outlined above.
- (b) Building and strengthening data systems: As has become very clear during the evaluations that IEU has conducted in 2018, there is a critical need to have high-quality databases that support rigorous measurement and understanding of the GCF's likely impact, effectiveness, efficiency and sustainability. In 2018, the IEU built these databases, drawing on primary documents and manually input data. This experience has underscored the need to have a strong data lab in the IEU. In 2019, the IEU will start to build the basic elements of this data lab which will do a few things. First, it will manually input data that is required to do IEU evaluations and assessments. Second, it will cross-verify and validate their quality by looking at administrative records, documents as well as digital data that the Secretariat has compiled on different platforms (such as iPMS, Fluxx and country portals). It should be noted that these Secretariat data portals currently contain different data from what the IEU requires for its evaluations (in terms of quality, consistency, variables and (currently absent) meta-data). Furthermore, these data portals aren't necessarily linked to each other currently. The IEU's data lab will

<sup>9</sup> As stated in GCF/B.19/06 para 16 (k), through the GCF evaluation process and the Independent Evaluation Unit (IEU), evaluations may be undertaken on the effectiveness of implementing the GCF ESS standards.

<sup>10</sup> Decision B.06/9/Annex III and Decision B.10/05/Annex V

complement current efforts in the Secretariat to display data but will not substitute it mainly because IEU's measurement requirements are very different in terms of type, disaggregation levels, timeliness, frequency and quality. Eventually all IEU databases will be linked to the GIS data mentioned above. Maintaining, cleaning, constantly updating, analysing and producing mini reports will be the main work of the IEU data lab. IEU databases will be available on request, to staff within the Fund.<sup>11</sup>

- (c) In 2018, the IEU undertook a needs assessment and a capacity assessment of GCF staff, systems and the Secretariat as well as GCF entities to understand essential training and learning needs. In 2019, the IEU will prepare videos, lead webinars, and disseminate learning modules to communicate evaluation standards and methods across the Fund's stakeholders. These will especially focus on four topics: building good theories of change; setting up systems for measuring causal change especially for GCF's investment criteria but also other co-benefits, and, developing systems for measuring cost effectiveness.
- (d) The IEU will lead two methods studies in 2019. The first will examine the potential for machine learning and understand how evaluations may use them. This will especially enhance IEU's work on thinking about algorithmic data analyses that is timely as well undertaking expeditious exhaustive global evidence reviews. The second will synthesize global evidence related to private sector initiatives and relate them to the GCF's work in this area. This evidence will be illustrated in evaluation maps and help the IEU and GCF learn from evaluation evidence from other programs/agencies.

7. **Communications, syntheses and building partnerships with evaluation offices and other agencies:** The IEU will continue to leverage the expertise, geographic presence and support of partners in the field by building and strengthening existing partnerships,<sup>12</sup> build capacity, communicate and harness the presence of evaluation offices that are related to the GCF's investments while leveraging expert thematic agencies<sup>13</sup> to ensure that it is using state-of-the-art expertise.

8. In 2019 the IEU will:

- (a) Complete several evidence gap-maps that were started in 2018. These will mostly be completed by the middle of 2019 including those on forestry, adaptation and transformational change, which commenced in 2018 as promised. The IEU also began work on examining complexity methods and their uses in climate change evaluations. In 2019, the IEU will work on ensuring that the key learnings from these are disseminated widely.
- (b) Support learning workshops where staff of AE, NDAs, evaluation offices and other GCF partner agencies participate and gain a better understanding on good evaluation

<sup>11</sup> Summarily, there are five things that the IEU is doing that characterize its knowledge production and management work, and that will support the overall mandate of the GCF to be a learning organization. These include: Producing high quality evaluations including providing high quality technical assistance on how to build for better measurement of impacts; Evidence gap-maps that map high quality evidence from around the world, on areas that are specific to GCF. This will help GCF understand best practices; Synthesizing high- quality evidence into learning papers, undertaking evidence reviews and producing briefs and learning; Building high-quality databases that are validated and that do not suffer from internal contradictions, available for IEU to undertake its evaluations and learning. These include building quantitative (including GIS) databases and qualitative databases; Producing methods studies that illustrate state of the art methods that are being employed globally to showcase best practices for measurement and impact tracing. These will all serve to complement the work that the GCF Secretariat is doing around communities of practice and indeed enhance their ability to understand methods, global evidence and help benchmark the Secretariat's strategies, programming and practices.

<sup>12</sup> Decision B.06/9/Annex III and Decision B.10/05/Annex V

<sup>13</sup> These agencies include the HQAI, GGGI, CIFF, Behavioral Insights Unit, Global Data Pulse Lab, Campbell Collaboration and Collaboration for Environmental Evidence.

practices and methods: These workshops will focus on building capacity for key standards and procedures informed by the GCF's evaluation policy as well as sharing key insights from the IEU's evaluations and evidence gap maps.

- (c) The IEU will continue to disseminate among its stakeholders, learnings from its ongoing reviews on complexity, adaptation, transformational change and forestry. The IEU will also communicate key lessons learned from the study on the quality of GCF funded projects, disseminate other working papers and produce learning products in 2019, as indicated in the earlier part of this section and in Table 1.
- (d) Engage leading climate change and evaluation experts globally and build an active network which supports high quality evidence-related capacity and joint evaluations: This will help ensure that the IEU is using best practices in its evaluations and is also developing the capacity of IEU staff by enabling them to interact with staff from other key agencies on topics related to climate change evaluations. These engagements are also consistent with the GCF's overall emphasis on maintaining complementarity and coherence in its work. The IEU will further cement its strong relationships especially with the evaluation staff at CIF, GEF and with the independent evaluation units of accredited entities and implementing entities of the GCF.



**Table 1: Annual Work Plan Timeline for the Independent Evaluation Unit (2019)**

[illegible]

### III. IEU Budget for 2019

9. As laid out in the rolling three-year work plan, IEU staff are responsible for delivering four work streams of the Unit that include delivering, participating in and managing IEU-led evaluations, strengthening evaluation capacity, providing advisory support and ensuring learning, and synthesizing and communicating evidence from evaluations.<sup>1</sup> The 2019 budget for the IEU is shown in Table 2 and this is also compared with the approved IEU budget in 2018. The 2019 IEU budget will cover the following items:<sup>2</sup>

10. Staff and consultants: The budget covers the salaries of nine staff and three new staff that will be added in 2019. In 2019, the IEU will hire a data and GIS manager, an implementation science specialist who will also provide support on capacity building, and an evaluation specialist. As outlined in the rolling three-year work plan, the IEU will undertake four evaluations every year. Staff will support these evaluations by leading, managing and participating as key members in evaluations and evaluation activities. Additionally, they will also be responsible for delivering the four workstreams of the IEU as promised in IEU's three-year and annual workplans.

11. It is expected that as the IEU firms up itself up during its initial years it will require key support from consultants who will support key one-off tasks for the office. These include tasks such as producing guidelines and firming up procedures for the evaluation policy. Consultants will also help build basic elements of a data system and IEU's data lab, help strengthen the basic structure of IEU's website and media presence, support the development of IEU's communication guidelines and articulate an office-wide capacity building plan. These consultants will be long-term consultants with the explicit idea and vision that their tasks are one-off and that subsequently they will be phased out. In 2019, the IEU will have six consultants who will provide this support. It is expected that reliance on these consultants will decline starting in 2020.

12. Additionally, the IEU will hire consultants that have specific sector and country expertise for evaluations that it is undertaking. These consultants are ad hoc and will be hired for short term contracts to specifically support IEU's evaluations. They will be hired mostly as remote consultants with some requirement to spend time in Songdo. To ensure timeliness of evaluations, as also emphasized by the Board of the GCF, the IEU is also working on creating a roster of consultants and pre-approved teams that can provide the IEU with sectoral, thematic and country level support in a high-quality and expeditious manner. In 2019, the IEU will be undertaking four evaluations for the first time. It will hire six to ten individual short-term consultants for these and the number will depend on the length of their contracts: several will be hired for country level validation and field work. The IEU will also hire several interns in 2019.

13. Professional services: The IEU will be supported by teams that will provide thematic and country support for undertaking three evaluations in 2019, Resources in this budget line are also included to build the GIS data system in 2019 as well as to continue the work on the Learning-Oriented Real-Time Impact Assessment which requires painstaking, high quality detailed work on the ground. Compared to 2018, this is the largest increase in percentage terms: this is because this budget line requests support for three evaluations and its GIS capacity. Apart from this, the budget for the GCF's forward-looking performance review is also

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<sup>1</sup> Decision B.16/07

<sup>2</sup> Explanations in this section are also informed by 2018 discussions on the IEU's budget and workplan. Specifically, we provide separate explanations for budget lines especially related to consultancies and travel. IEU's budgets are lower compared to most other independent evaluation offices. The IEU has also discussed this budget with the Budget Committee of the GCF Board.

included in Table 2. The budget will be used over two calendar years and therefore, is presented separately from the professional services budget line.

14. Multi-year budget for the forward-looking performance review of the Fund: Starting in late 2018 and continuing into 2019, the IEU will work on the forward-looking performance review of the Fund. This budget will cover resources for data generation, data analysis and management, an operational assistant, country validation consultants, interns, a professional firm to provide sectoral and country level expertise, a synthesis expert and support for workshops, meetings and other related costs. The IEU will provide an early synthesis document with emerging areas for recommendations in March 2019 and a final report in June 2019.

15. Travel: In 2019, IEU staff will travel to country sites for four evaluations. These country evaluation missions are critical for IEU's work because they are a key source of data and help in methods triangulation and country validation. IEU staff will also train and strengthen the evaluation capacity of GCF Secretariat staff and staff of AEs, implementing agencies and other stakeholders to ensure that GCF approved investments are generating quality data and implementation tracking systems from the very beginning. To be more cost-effective, the IEU will take advantage of opportunities and conference spaces provided by events planned by other agencies to train AE staff. IEU staff will also attend international methods and evaluation conferences where they will present their work to ensure that they are using up-to-date methods and techniques in their evaluations. Following the success of the IEU's LORTA design workshop for measurement and real-time learning in 2018, the IEU will once again invite a shortlist of carefully chosen agencies in 2019 to a similar workshop. IEU's annual report showcases the LORTA design workshop and its role in enhancing the skills of attendees.

16. Other costs: Other costs include costs incurred for producing videos, communication material for increased uptake from ongoing and completed evaluations and evidence maps, and costs for a growing office which include software, database building, furniture and other facilities.

17. The Budget Committee of the Board considered and approved the budget for the IEU for 2019 and shown in Table 2.

**Table 2: Budget for the Independent Evaluation Unit (2019)**

<b>Category</b>	<b>2018 Approved Budget</b>	<b>2019 Draft budget</b>
Staff costs	1,583,667	1,859,000
Consultants/Intern costs	492,200	529,800
Travel	183,000	274,000
Professional Services (three evaluations and GIS)	630,000	1,230,000
Forward-looking Performance Review (2018 & 2019)**	-	500,000
Other operating costs	65,000	110,000
<b>Total</b>	<b>2,953,867</b>	<b>4,502,800</b>

\*\* will commence in 2018 and continue into 2019



## Annex XIII: The IEU's Three-Year Objectives and Work Plan

1. Following the decision by the Board, this Annex presents modifications as necessary, of the IEU's rolling three-year work plan and budget. Since the presentation of the evaluation policy of the Fund has been postponed to B.22, there are no major modifications to the three-year work plan and budget.<sup>1</sup> Some minor changes in the three-year work plan are noted as follows:

- (a) Modification: In Table 3, 1(b) the IEU will produce an "evaluation policy for the Fund" and not the "independent evaluation policy."
- (b) New: In Table 3, 2 (c), the IEU will support six additional projects in 2019 under LORTA to help approved projects measure their impacts and changes resulting from GCF investments and help them measure the changes rigorously.
- (c) Modification: In Table 3, 3(a), the IEU will deliver a plan for capacity building and learning through evaluations at B.23 (and not at B.21).

2. To summarize, the overall objectives of the IEU are derived from the Governing Instrument and include:<sup>2</sup>

- (i) Informing the decision-making of the Board, identifying and disseminating lessons learned, contributing to guiding the Fund and stakeholders as a learning institution, and providing strategic guidance;
- (ii) Conducting periodic independent evaluations of the Fund's performance to provide an objective assessment of the Fund's results and the effectiveness and efficiency of its activities; and
- (iii) Providing evaluation reports to the Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) for purposes of periodic reviews of the financial mechanism of the Convention.

3. The IEU's principal aims for the period 2017-2020 are summarized below. Objectives and activities associated with these aims are summarized in Table 1.

- (a) **Build the IEU and complete staffing:** An important objective for the IEU is to ensure that the IEU is adequately staffed so that it can deliver its work plan, including its overall learning and accountability objectives. IEU staff will reflect the best standards in evaluative training, practice, theory and ethics. The IEU will be a well-managed unit. The IEU will also ensure that its vision and practices are adequately shared, internally and externally, and that the IEU's strategy, independent evaluation policy and procedures for functioning and governance are properly articulated (see Annex III).
- (b) **Undertake and deliver high quality evaluations:** The IEU will undertake strategic high-quality performance, portfolio, thematic, country, programmatic and project evaluations identified by the IEU and useful for the Board, GCF Secretariat and the COP.<sup>3,4</sup> They will also serve as building blocks for fund-level evaluations that assess the effectiveness and efficiency of the GCF and contribute to the replenishment process. The IEU will deliver at least four evaluations per year. It will also review the use of the GCF's results-based framework and performance framework and provide recommendations to the Board. It will also support a Learning-Oriented Real-Time Impact Assessment

<sup>1</sup> Once the Evaluation policy is approved, the IEU will present a revised and updated three-year work plan.

<sup>2</sup> Also, see Decision document GCF/B.06/Annex III

<sup>3</sup> Decision B.06/09/Annex III

<sup>4</sup> Decision B.06/09/Annex III

(LORTA) window to support real-time learning within the GCF through real-time assessments.<sup>5</sup>

- (c) **Build and deliver an evaluation-based learning, advisory and capacity strengthening program:**<sup>6</sup> The IEU's evaluation-based learning and capacity building program will respond to evaluation-related capacity needs of the GCF Board, Secretariat, Accredited Entities (AEs), Nationally Designated Agencies (NDAs), and other stakeholders in the evaluation and climate change space.<sup>7</sup> The IEU will work towards ensuring that programs and activities funded by the GCF maintain sufficient quality in terms of data, design and information to inform evaluations.
- (d) **Engage strategically to learn, share and adopt best practices in the climate change evaluation space:** The IEU will engage with key actors in the evaluation space and be at the forefront of evaluation practice and theory while collaborating with stakeholders of the GCF and involving them in the IEU's activities.<sup>8</sup> It will adopt high quality methods and standards for evaluative evidence in the climate change space. Accordingly, it will continue to build and strengthen partnerships, as it has in 2018, to leverage geographic presence, thematic expertise, and capacities to help with the IEU's other objectives in the context of capacity building, particularly with GCF partners, AEs, NDAs and focal points as well as other evaluation-related staff in partner organizations. This will also contribute to building the IEU's niche and its reputation as a leader in evaluation and learning, which is synonymous with quality and credibility.

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<sup>5</sup> Decision B.06/09/Annex III

<sup>6</sup> Decision B.06/09/Annex III/23 and Decision B.10/05/Annex V

<sup>7</sup> Decision B.06/09/Annex III/2 (a), 6, 7, 9, 16, 19, 21, 22, 23 and B.10/05/Annex V/15

<sup>8</sup> B.06/09/Annex III/10 and 11 and B.10/05/Annex V/ 5, 8, 9, 14, 15, 16

**Table 3: Aims, Objectives and Key Outputs of the IEU's Rolling Three-Year Work Plan [UPDATED]**

NO.	AIM	OBJECTIVES	OUTPUTS
1.	<b>Strengthen the IEU and complete staffing<sup>1</sup></b>		
		1a. Ensure that the IEU is completely staffed to meet its objectives of accountability and learning <sup>2</sup>	<ul style="list-style-type: none"> <li>• The IEU will be fully staffed with an emphasis on building high quality evaluation and thematic capacity.</li> <li>• Terms of reference for the IEU's four work streams will be widely disseminated and high functioning staff will be hired competitively at the IEU.<sup>3</sup></li> <li>• The IEU will be well-managed and personal performance and professional development plans for all IEU staff will be articulated.</li> <li>• An orientation package for new staff including processes and procedures will be piloted and finalized.</li> </ul>
		1b. IEU's policies and standards are well-articulated and understood	<ul style="list-style-type: none"> <li>• An <del>Independent</del> Evaluation Policy will be produced.</li> <li>• Guidelines and standards will be developed to reflect the policy.</li> <li>• Awareness will be generated among GCF staff and NDAs, AEs and others to ensure this policy and set of guidelines and standards are properly applied.</li> </ul>
		1c. Procedures and guidelines for the effective operation of the IEU are specified and IEU budgets and work plans are approved in a timely manner	<ul style="list-style-type: none"> <li>• The IEU's vision and strategy will be finalized and shared with all IEU staff.</li> <li>• The IEU's governance guidelines and procedures to ensure the independence and effective functioning and operation of the IEU, in keeping with international best practices, will be submitted to the GCF Board and updated as required.<sup>4</sup></li> <li>• A rolling three-year plan, budget and an annual work plan will be presented every year to ensure certainty in planning and delivering high quality evaluations.<sup>5</sup></li> <li>• An IEU annual report will be produced and disseminated every year, commencing in 2018.<sup>6</sup></li> </ul>
2.	<b>Undertake and deliver high-quality evaluations to the GCF Board</b>		

<sup>1</sup> Decision document GCF/B.06/Annex III "...the evaluation function should be located independently from other management functions" and Annex V to Decision B.10/05/(k) "The Head of the IEU ...(is) responsible for leadership and management of the unit, including the authority to make appointments and manage staff of the unit."

<sup>2</sup> Decision B.08/07/Annex IX and Decision B.10/05/(k)/Annex V

<sup>3</sup> Decision B.16/07

<sup>4</sup> GCF/B.06/Annex III

<sup>5</sup> GCF/B.06/Annex III

<sup>6</sup> B.06/09/Annex III

NO.	AIM	OBJECTIVES	OUTPUTS
		2a. Carry out strategic high-quality performance, portfolio, thematic, country, programmatic and project evaluations annually that are useful to the Board, the GCF Secretariat and the Conference of Parties and are able to provide an independent assessment of the Fund's operations <sup>7</sup>	<ul style="list-style-type: none"> <li>• The IEU will carry out at least four evaluations annually, depending on direction from the GCF Board. Other evaluations may also be identified depending on the accountability and learning needs of the GCF Board.</li> </ul>
		2b. Undertake high quality <i>overall</i> performance evaluations of the GCF including (but not restricted to) an overall assessment of results, efficiency and effectiveness to inform the replenishment process <sup>8</sup>	<ul style="list-style-type: none"> <li>• The IEU will undertake overall performance evaluations as required by its TORs.<sup>9</sup></li> <li>• The IEU will also deliver the following at a date determined by the GCF Board:               <ol style="list-style-type: none"> <li>(1) Provide evaluation reports to the Conference of Parties to the United Nations Framework Convention on Climate Change and the Paris Agreement for the purposes of periodic review of the Financial Mechanism of the Convention.<sup>10</sup></li> <li>(2) Overall assessment of the Fund's results and the effectiveness and efficiency of its activities.<sup>11</sup></li> </ol> </li> </ul>
		2c. Review the results management and performance measurement framework and prepare a real-time learning-oriented impact evaluation project portfolio	<ul style="list-style-type: none"> <li>• The IEU will provide recommendations based on international evidence and best practices for improving the GCF's results management framework and performance measurement framework.<sup>12</sup></li> <li>• The IEU will support a real-time impact assessment (LORTA) window that will promote measurement of results and learning in real-time. In the pilot window, the IEU will work with 4-6 projects that can effectively demonstrate this learning which will provide insights to the Secretariat in real time.</li> </ul>

<sup>7</sup> Decision B.06/09/Annex III

<sup>8</sup> Decision B.06/09/Annex III

<sup>9</sup> B.06/09/Annex III and B.10/05/Annex V

<sup>10</sup> The Conference of Parties to the UNFCCC provides the following guidance on the function of the IEU: "The reports of the GCF should include any reports of the independent evaluation unit, including for the purposes of the periodic reviews of the financial mechanism of the Convention." (UNFCCC decision 5/CP19, annex, paragraph 20)

<sup>11</sup> B.06/09/Annex III: "Should the COP commission an independent assessment of the overall performance of the Fund, the IEU would support the work involved in such assessment. An overall performance study would become a responsibility of the IEU, as has been the case with the Global Environment Facility (GEF) Evaluation Office since 2007."

<sup>12</sup> GCF/B.06/Annex III

NO.	AIM	OBJECTIVES	OUTPUTS
			<ul style="list-style-type: none"> <li>• [NEW] In 2019, the IEU will support six additional projects in 2019 under LORTA to help approved projects measure their impacts and changes resulting from GCF investments and help them to measure the changes rigorously.</li> </ul>
3.		<p><b>Build and deliver an evaluation-based learning, advisory and capacity strengthening program</b></p> <p>3a. Ensure programs and activities funded by the GCF maintain sufficient quality in terms of data, design and information to inform evaluations</p>	<ul style="list-style-type: none"> <li>• The IEU will build awareness on the uses of evaluations and strengthen appropriate systems/institutional and human capacity for evaluative evidence and evidence-based policies.</li> <li>• The IEU will build and deliver customized workshops and disseminate products to ensure learning and uptake for this objective. The IEU will work closely with appropriate GCF staff, accredited entities, and other stakeholders in this regard.</li> <li>• The IEU will provide evidence-based recommendations on projects/programs of activities to improve the ability of the IEU to provide quality evaluations of the Fund's activities. It will also work to ensure that they are reflected in funded activities, agreements and proposals.<sup>13</sup></li> <li>• Through LORTA, the IEU will support high quality data and assessments which will enable the GCF and its stakeholders to learn about and generate high-quality, credible evaluations that <i>measure attributable change</i> in GCF result areas.</li> <li>• The IEU will deliver a plan for capacity building and learning through evaluations at B.23 <del>(B.24)</del>.</li> </ul>
		<p>3b. Synthesize evaluative evidence from international experience and GCF-related evaluations to benchmark and inform evaluations in GCF result areas, inform results and performance frameworks and help prioritize evaluations and evaluation-related research using state-of-the-art methods<sup>14</sup></p>	<ul style="list-style-type: none"> <li>• The IEU will build a database of evaluative evidence and synthesize learning through evidence gap maps and systematic reviews.</li> <li>• The IEU will support systematic reviews and meta-syntheses of evaluative evidence relevant to GCF result areas.</li> </ul>

<sup>13</sup> B.06/09/Annex III

<sup>14</sup> Decision B.10/05/Annex V/ 14 and 15

NO.	AIM	OBJECTIVES	OUTPUTS
		3c. Provide inputs to improve the results-based framework and performance framework of the GCF <sup>15</sup>	<ul style="list-style-type: none"> <li>• The IEU will conduct retrospective theories of change exercises to inform the results framework and performance measurement framework of the GCF as well as the evaluation policy.</li> <li>• The IEU will provide evidence-based recommendations by analysing reporting templates and engage with accredited entities and other stakeholders to provide evidence-based recommendations on designs to ensure high quality, credible reporting and evaluations.</li> <li>• The IEU will develop state-of-the-art methods to inform and build evaluations led by the IEU. To this end, it will review international best practices in policy evaluation, methods and indicators and use them to attest and benchmark the quality of GCF self-evaluations conducted by the Secretariat and provide recommendations for the results management framework and performance measurement framework.<sup>16</sup></li> </ul>
		3d. Build capacity for undertaking evaluations, understanding standards and methods, within the Secretariat and GCF stakeholders, and use innovative ways to ensure this <sup>17</sup>	<ul style="list-style-type: none"> <li>• The IEU will build innovative products to ensure learning and the uptake of evaluative evidence. Accordingly, the IEU will train, share and build capacity for undertaking evaluations within the Secretariat and collaborate to build capacity and awareness within AEs and NDAs.</li> <li>• The IEU will build customized workshops, engage with other agencies and trainers to develop training modules and matchmake teams for programmatic and project evaluations.</li> <li>• The IEU will create training modules and train GCF stakeholder staff including staff from intermediary agencies to bring them up to speed on state-of-the art methods to evaluate the Fund's activities.</li> <li>• The IEU will also collaborate with universities and other agencies to develop these customized courses.</li> </ul>

<sup>15</sup> Decision B.06/09/Annex III

<sup>16</sup> Annex III to decision B.06/09

<sup>17</sup> Decision B.06/09/Annex III/ 21, 23



NO.	AIM	OBJECTIVES	OUTPUTS
		3e. The IEU will be at the forefront of methods and climate science and establish the IEU as a global leader in the field <sup>18</sup>	<ul style="list-style-type: none"> <li>The IEU will support methods-related work relevant to the GCF's result areas and evaluations that harness complexity science and new measurement methods. This includes commissioning methods papers, briefs and reviews, supporting knowledge hubs and supporting relevant conferences, workshops, methods labs and learning clinics.<sup>19</sup></li> </ul>
4.		<b>Engage strategically to learn, share and adopt best practices in the climate change evaluation space</b>	
		4a. The IEU will increase its engagement with key actors in the international evaluation space and collaborate with GCF partners, accredited entities, NDAs and focal points and staff in partner organizations to leverage their presence and capacities to help with the IEU's other objectives	<ul style="list-style-type: none"> <li>The IEU will use international engagements to deliver customized awareness building workshops on evaluation vision and techniques, showcasing high quality evaluation methods and standards to GCF stakeholders.</li> <li>The IEU will develop communication products conveying the key messages from evaluations.</li> <li>The IEU will establish formal partnership agreements with networks and organizations to leverage their presence for capacity building among GCF stakeholders.</li> </ul>

<sup>18</sup> Decision B.10/05/Annex V/8

<sup>19</sup> GCF/B.05/03/ Annex I

## **Annex XIV: Terms of reference of the Performance Oversight Committee of the Executive Director and Heads of Independent Units**

### **I. Role and functions**

1. The role of the Performance Oversight Committee of the Executive Director and Heads of Independent Units (“Committee”) is to assist the Board in discharging its responsibilities regarding:
  - (a) The performance management of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit, the Head of the Independent Redress Mechanism and the Executive Director of the Secretariat of the Green Climate Fund (collectively referred to as “Board-Appointed Officials”);
2. In fulfilling the role set out in paragraph 1(a) above, the Committee will:
  - (a) Set the objectives of Board-Appointed Officials;
  - (b) Develop a procedure for performance review of Board-Appointed Officials by the Committee;
  - (c) Monitor the performance of Board-Appointed Officials;
  - (d) Make recommendations to the Board regarding the performance reviews of Board-Appointed Officials;
  - (e) Make recommendations to the Board regarding performance-based increment increases in payment for Board-Appointed Officials, in consultation with the Board’s Budget Committee;
  - (f) Consider any other matters related to the performance of Board Appointed Officials that the Board deems appropriate.
3. The Committee will co-ordinate with the Budgetary Committee on budgetary issues relating to Board-Appointed Officials.

### **II. Membership**

4. The Committee will comprise:
  - (a) Current Co-Chairs of the Board
  - (b) One Board member from developing country Parties; and
  - (c) One Board member from developed country Parties.
5. Members of the Committee will serve for an initial term to end December 2018 and thereafter of 18 months with the exception of Co-Chairs who will serve on the Committee during their one-year Co-Chair term.

### **III. Duration**

6. The Committee will be a standing committee of the Board.
7. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.

#### **IV. Guidelines for operation**

8. The General guidelines for operation of the Committee will apply to the conduct of business of the Committee, except as set out in these terms of reference or decided by the Board.
9. Provisions will be put in place to manage actual and potential conflicts of interest.

## Annex XV: List of conditions and recommendations

1. The approval of the funding proposals approved by the Board pursuant to decision B.21/15 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**

Funding proposal number	Conditions
<b>All proposals</b>	<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 (b) 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> <p>(a) Completion of the legal due diligence to the GCF Secretariat satisfaction;<sup>1</sup> and</p> <p>(b) Submission of a certificate or a legal opinion in a form and substance that is satisfactory to the GCF Secretariat, within 120 days<sup>2</sup> 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.</p>

**Table 2: Conditions specific to individual funding proposals**

Funding proposal number	Conditions
<b>FP 083</b> (World Bank Indonesia)	<p><i>Conditions from the Board</i></p> <p>(a) As per the Project ESMF, the Accredited Entity (AE) will review and approve safeguards instruments for Category A sub-projects in accordance with its policies and procedures. This review will include adequacy of public disclosure and consultations. Public disclosure and consultations will be done by the sub-project owner as well as the Executing Entity (EE) following the provisions of the ESMF. When the EE sends the draft, as well as final, safeguards instruments to the AE for disclosure, the AE will undertake to forward these safeguards instruments to the Green Climate Fund Secretariat for further dissemination to the Board and Active Observers and for posting on the GCF website. The relevant safeguards instruments for the Category A sub-projects should be publicly disclosed in a timely manner so as to ensure transparent and meaningful consultation prior to when the EE approves the Category A sub-projects. The AE will follow its policies and procedures in making the disclosure and endeavour to ensure that the period between disclosure and approval be no less than</p>

<sup>1</sup> In the event of inconsistency between this condition and any equivalent condition in a term sheet, the conditions in the relevant term sheet shall prevail.

<sup>2</sup> For FP 090 (ADB Tonga), FP 091 (ADB Kiribati) and FP 093 (AfDB Burkina Faso), the period shall be 180 days.

	<p>60 calendar days. The AE will be responsible for monitoring the EE's compliance with this requirement in accordance with the Accredited Entity's environment, social and access to information policies. Stakeholders will provide their comments and inputs directly to the EE; and</p> <p>(b) Within 180 days of the GCF Board approval of the Facility, or the date of effectiveness of the AMA entered into with the relevant Accredited Entity, whichever is later, the Accredited Entity and GCF Secretariat shall agree on a process, consistent with the Accredited Entity's environmental, social, and access to information policies, to enable communication to the Accredited Entity of any comments on Category A sub-projects and the safeguard documents prepared for such sub-projects. Safeguard documents include, as appropriate, Environmental and Social Impacts Assessment (ESIA) and Environmental and Social Management Plan (ESMP), and, as appropriate, inclusive of the Land Acquisition and/or Resettlement Action Plan (LARAP or RAP), Indigenous Peoples Plan (IPP), and any other associated information required to be prepared and disclosed in accordance with the Accredited Entity's environmental, social and access to information policies and the Executing Entity's Environmental and Social Management Framework (ESMF) for the Project.</p>
<b>FP 084</b> (UNDP India)	<i>None.</i>
<b>FP 085</b> (ADB Pakistan)	<i>None.</i>
<b>FP 086</b> (EBRD Green Cities)	<p><i>Relevant iTAP condition</i></p> <p><u>Insertion of the following covenants in the FAA:</u></p> <p>(a) The accredited entity shall include in each annual performance report an assessment of GHG emission reduction achieved by the funded activity in accordance with the monitoring and reporting methodology described in the operation manual for the Green Cities Programme; and</p> <p>(b) The accredited entity shall include in the operations manual for the Green Cities Programme a monitoring and reporting methodology covering GHG emissions reductions brought about by the funded activity.</p> <p><i>Conditions from the Board</i></p> <p>(a) In relation to each Category A public sector sub-project to be funded under the Facility, the Accredited Entity shall disclose the Project Summary Document, Environmental and Social Impacts Assessment (ESIA) and Environmental and Social Action Plan (ESAP), and, as appropriate, inclusive of the Resettlement Policy Framework (RPF) and/or Land Acquisition and/or Resettlement Action Plan (LARAP or RAP), and any other associated information required to be disclosed in accordance with the Accredited Entity's Public Information Policy ("Project Disclosure Package"). The Accredited Entity, 120 calendar days in advance of its Board meeting, shall disclose, in English and the local language (if not English), the Project Disclosure Package on its website and shall require that the Borrower does so in locations convenient to affected peoples, and provide the Project Disclosure Package to the GCF Secretariat for further distribution to the Board and Active Observers and for posting on the GCF website.</p>

	<p>(b) Within 180 days of the GCF Board approval of the Facility, the Accredited Entity and GCF Secretariat shall agree on a process to enable communication of any comments, including from the GCF Board members and Active Observers, on Category A public sector sub-projects relating to the Project Disclosure Package to the Accredited Entity, and to take account of such comments in the finalisation of such documents.</p>
<p><b>FP 087</b> (IUCN Guatemala)</p>	<p><i>Relevant iTAP conditions</i> <u>Satisfaction of the following conditions prior to the first disbursement under the FAA:</u></p> <p>(a) Provision by the accredited entity to the Fund, in form and substance satisfactory to the GCF Secretariat, of a report that demonstrates how the forecasts of the meteorological and hydrological information systems are considered as the criteria in the selection of climate change adaptation activities under the Grants Facility; and</p> <p>(b) Provision by the accredited entity to the Fund of a Grant Facility Manual, in a form and substance satisfactory to the Secretariat, reflecting representation of relevant ministries in the Steering Committee of the Grant Facility.</p>
<p><b>FP 089</b> (FAO El Salvador)</p>	<p><i>Relevant iTAP conditions</i> <u>Satisfaction of the following conditions prior to the first disbursement under the FAA:</u></p> <p>(a) Delivery by the accredited entity, in form and substance satisfactory to the Secretariat, of an action plan developed together with and agreed by MARN and MAG that includes:</p> <ul style="list-style-type: none"> <li>(i) Details on how the financing and coordination arrangements for the existing government programmes targeting the same municipalities and beneficiary households as this project, relate to and will complement the project activities as set out in the funding proposal, including the FIAES contribution;</li> <li>(ii) Details on how complementarity between (A) the existing government “Paquete Agrícola” programme to distribute maize and bean seeds and (B) the proposed interventions at family level, will be ensured, including in relation to operational and administrative aspects;</li> <li>(iii) Details on how the accredited entity will develop an unbiased selection mechanism for investments in municipalities and family-level beneficiaries which is based on bio-physical and socio-economic indicators;</li> <li>(iv) Copies of the draft agreements that municipalities and family-level beneficiaries will be required to enter into pursuant to which: (i) they agree to the project; (ii) commit to their share of responsibilities; and (iii) agree to sustain the relevant interventions after the completion of project implementation;</li> <li>(v) Details on the landscape-level approach and interventions, providing details on the water and forestry components and which describes how landscape-planning supports adaptation interventions that will generate adequate ecosystem services as set out in the funding proposal;</li> </ul>



	<p>(vi) A detailed framework and other relevant measure to ensure that municipalities that receive funds under the project work together on their land-use plans to achieve the project's adaptation goals for the dry corridor as set out in the funding proposal; and</p> <p>(vii) A communication strategy that will effectively transfer technology and knowledge to communities so that they are empowered to sustain their livelihoods.</p> <p>(b) Delivery by the accredited entity, in form and substance satisfactory to the GCF Secretariat, of a revised plan for the water system interventions which: (i) identifies relevant technologies, unit costs, and methods for selection of family-level beneficiaries; (ii) demonstrates that sanitation and hygiene programmes can be implemented simultaneously with drinking water interventions; and (iii) provides evidence that the relevant interventions are sustainable and scalable.</p> <p>(c) Delivery by the accredited entity, in form and substance satisfactory to the GCF Secretariat, of a plan that describes how market and financial mechanisms or arrangements with relevant institutions could be utilized by family-level beneficiaries to sustain their agricultural production and surpluses to increase their income and gradually shift from subsidies to sustainable livelihoods.</p> <p><u>Insertion of the following covenant in the FAA:</u></p> <p>(a) The plans referred to in paragraphs (a)-(c) above shall be implemented by the accredited entity and the other Executing Entities, as relevant, during the project's implementation, and the accredited entity shall report on the implementation of such plans as part of the annual performance reports to be submitted by the accredited entity to the GCF in accordance with the AMA and FAA.</p>
<b>FP 090</b> (ADB Tonga)	<p><i>Relevant iTAP condition</i></p> <p><u>Satisfaction of the following condition prior to the signing of the FAA:</u></p> <p>(a) Submission to the Fund by the accredited entity of a copy of the Project Administrative Manual, approved by the accredited entity, which shall include, to the satisfaction of the GCF Secretariat, the methodology covering GHG emissions reductions brought about by the funded activity.</p>
<b>FP 091</b> (ADB Kiribati)	<p><i>Relevant iTAP condition</i></p> <p><u>Satisfaction of the following condition prior to the first disbursement under the FAA:</u></p> <p>(a) Delivery by the accredited entity to the GCF Secretariat of a study that measures the community's willingness to pay for water services and that confirms that the communities are willing to pay at least the amounts set out in tables 6 and 7 of the Funding Proposal.</p>
<b>FP 092</b> (AfDB Niger Basin)	<i>None.</i>
<b>FP 093</b> (AfDB Burkina Faso)	<i>None.</i>
<b>FP 094</b>	<i>None.</i>

(UNDP Comoros)	
<b>FP 095</b> (AFD TFSC)	<p><i>Secretariat conditions</i></p> <p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <ul style="list-style-type: none"> <li>(a) The accredited entity submitting in form and substance satisfactory to the GCF Secretariat, within thirty (30) calendar days from the date of GCF board approval, a description of the legal arrangements to be put in place between AFD and PROPARCO for the implementation of the Programme; and</li> <li>(b) The accredited entity submitting in form and substance satisfactory to the GCF Secretariat, prior to the execution of the FAA, comprehensive criteria according to which: (i) eligible LFPs; and/or (ii) other entities that may be selected for the purposes of Programme implementation, such as national associations and/or project management entities, will be selected during Programme implementation.</li> </ul> <p><i>Relevant iTAP conditions</i></p> <p><u>Satisfaction of the following conditions prior to the first disbursement under the FAA:</u></p> <ul style="list-style-type: none"> <li>(a) Prior to the first disbursement of reimbursable funds by GCF under the funded activity agreement, the accredited entity shall deliver an operations manual, in a form and substance satisfactory to the Secretariat, detailing the implementation of the programme and eligibility criteria for the selection of sub-projects. The programme eligibility criteria shall be in line with the eligibility criteria in the funding proposal and the GCF investment criteria (as per the results management framework), and shall take into consideration the expected impact by different sectors; and</li> <li>(b) Prior to the first disbursement of GCF reimbursable funds under the funded activity agreement to an LFP, the accredited entity shall deliver a written confirmation, in a form and substance satisfactory to the Secretariat, that the LFP: (1) has sufficient internal capacity to disburse eligible sub-loans in compliance with the operations manual, or (2) has received technical assistance to build sufficient capacity to disburse eligible sub-loans in compliance with the operations manual.</li> </ul> <p><u>Satisfaction of the following condition prior to all disbursements under the FAA:</u></p> <ul style="list-style-type: none"> <li>(b) Except for the first disbursement, the accredited entity shall deliver to GCF, together with the disbursement request, a written confirmation, issued by an authorized officer of the accredited entity, that the sub-projects being implemented under the programme are in compliance with the criteria set in the operations manual and it shall report ongoing status of implementation of the Programme.</li> </ul> <p><i>Conditions from the Board</i></p> <ul style="list-style-type: none"> <li>(a) As per the Programme Environmental and Social Framework (ESF), the Accredited Entity will review and approve environmental and social (E&amp;S) safeguards for Category A sub-projects in accordance with its policies and procedures. This review will include adequacy of public disclosure and consultations. Public disclosure and consultations should be done by the</li> </ul>

	<p>sub-project owner and the relevant LFP following the provisions of the ESF. When the LFP sends the draft, as well as final, Summary of Investment Information (SII) to the Accredited Entity, the Accredited Entity will forward the SII to the Fund no less than 60 calendar days before the Accredited Entity approval of the sub-project for further dissemination to the GCF Board and active observers in compliance with the GCF's and the Accredited Entity's information disclosure policies.</p> <p>(b) The SII will include the following information in accordance with the GCF's and Accredited Entity's Information Disclosure Policies:</p> <ul style="list-style-type: none"> <li>(i) the total sub-project cost;</li> <li>(ii) the amount and nature of the Accredited Entity's funding;</li> <li>(iii) the location of the sub-project;</li> <li>(iv) a brief description of the sub-project;</li> <li>(v) the expected development impact of the sub-project;</li> <li>(vi) E&amp;S potential impacts and, the Environmental and Social Impact Assessment (ESIA) of the sub-project and the related Environmental and Social Action Plan (ESAP), and, as appropriate, inclusive of the Resettlement Policy Framework (RPF) and/or Land Acquisition and/or Resettlement Action Plan (LARAP or RAP), and Indigenous Peoples Plan (IPP) and/or Indigenous Peoples Planning Framework (IPPF); and</li> <li>(vii) any other associated information required to be disclosed in accordance with the Accredited Entity's Information Disclosure Policy.</li> </ul> <p>(c) Confidential information under the Accredited Entity's Information Disclosure Policy and GCF's Information Disclosure Policy shall not be disclosed.</p> <p>(d) Within 180 days of the GCF Board approval of the Programme, the Accredited Entity and GCF Secretariat shall agree on a process to enable communication of any comments on Category A sub-projects relating to the SII to the Accredited Entity, and for such comments to be taken into account in the decision on the sub-projects.</p>
<b>FP 096</b> (AfDB Congo)	<i>None.</i>
<b>FP 097</b> (CABEI CAMBio II)	<p><i>Relevant iTAP conditions</i></p> <p><u>Satisfaction of the following condition prior to the first disbursement under the FAA:</u></p> <p>(a) Prior to the first disbursement under the FAA, the Accredited Entity shall provide and deliver the following operations manuals, in form and substance satisfactory to the GCF Secretariat:</p> <ul style="list-style-type: none"> <li>(i) an Operations Manual for the Risk-Sharing Facility under component 1,</li> <li>(ii) an Operations Manual for the Technical Assistance under component 2; and</li> <li>(iii) an Operations Manual for the Adapt Awards under component 3;</li> </ul>

	containing details of implementation of the Programme and eligibility criteria for the selection of sub-projects, including inputs from the selected Technical Assistance Service Providers (TASPs).
<b>FP 098</b> (DBSA CFF)	<p><i>Relevant iTAP conditions</i></p> <p><u>Satisfaction of the following condition prior to the first disbursement under the FAA:</u></p> <p>(a) Prior to the first disbursement of reimbursable funds by GCF under the funded activity agreement, the accredited entity will deliver a written confirmation, in a form and substance satisfactory to the Secretariat, that an operating unit of CFF has been established within the accredited entity for implementation of the programme, with sufficient capacity to originate, structure, implement and monitor the portfolio of eligible projects in accordance with the operational manual and to ensure that loans are provided to eligible sub-projects.</p> <p><u>Satisfaction of the following condition prior to all disbursements under the FAA:</u></p> <p>(a) Except for the first disbursement, the accredited entity will deliver to GCF, together with the disbursement request, a written confirmation, issued by an authorized officer of the accredited entity, that the subprojects being implemented under the programme are in compliance with the criteria set in the operational manual and it will report the ongoing status of programme implementation.</p>
<b>FP 099</b> (FMO CIO)	<p><i>Conditions from the Board</i></p> <p>(a) In relation to each Category A and Category B sub-project to be funded under the Programme, the Accredited Entity shall disclose the Project Summary Document, an IFC Performance Standard-compliant Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP), and, as appropriate, inclusive of the Land Acquisition and/or Resettlement Action Plan (LARAP or RAP), and any other associated information including those relevant to indigenous peoples required to be disclosed in accordance with the Accredited Entity's Public Information Policy ("Project Disclosure Package"). The Accredited Entity shall disclose, 120 calendar days (for Category A sub-projects) or 30 calendar days (for Category B sub-projects) in advance of the Climate Investor One Investment Committee (on which the Accredited Entity is represented) for the Construction Equity Fund (CEF) confirming a legally binding commitment can be made to fund the sub-project that has been categorized as Category A and Category B, in English and the local language (if not English), the Project Disclosure Package on its website and in locations convenient to affected peoples, and provide the Project Disclosure Package to the GCF Secretariat for further distribution to the Board and Active Observers and for posting on the GCF website.</p> <p>(b) Within 180 days of the GCF Board approval of the Programme, the Accredited Entity and GCF Secretariat shall agree on a process to enable communication of any comments, including from the GCF Board members and Active Observers, on Category A and Category B sub-projects relating to</p>

	the Project Disclosure Package to the Accredited Entity, and to take account of such comments in the finalisation of such documents.
<b>SAP002</b> (WFP Kyrgyzstan)	<p><i>Relevant iTAP condition</i></p> <p><u>Satisfaction of the following condition prior to the second disbursement under the FAA:</u></p> <p>Submission by the accredited entity, in a form and substance satisfactory to the GCF Secretariat, of a complete capacity-building and training plan involving all types of off-farm activities. This plan must contain annexes with training manuals developed in line with curricula for similar types of training that are generally approved by a relevant national technical institution.</p>
<b>SAP003</b> (UNEP Bahrain)	<p><i>Condition from the Board</i></p> <p><u>Condition for the execution of the FAA:</u></p> <p>The FAA, including all its schedules and annexes, shall reflect only the implementation of output 1.1 included in the funding proposal and in the term sheet submitted to the Board for consideration</p>
<b>SAP004</b> (XacBank)	<p><i>Relevant iTAP conditions</i></p> <p>(a) Prior to the first disbursement, the AE engages an independent technical advisor to undertake and submit to the GCF a feasibility study of the Programme's assistance for the implementation of sub-component 1.2 (EE housing). The study shall include: the assessment and confirmation of the technical capacity of the construction contractors to be eligible under the Programme. Such assessment shall include the contractors' track records in designing and constructing EE houses, an analysis of price competitiveness of the EE houses built by the contractor against ordinary houses widely built (presumably non EE) in the market to ensure the price of EE houses are reasonable and competitive, and a methodology for quality control adopted by the contractor including procedure and steps to be followed during and post construction.</p> <p>(b) Within one month after the first cooperation agreement is signed, the AE submits:</p> <ul style="list-style-type: none"> <li>(i) A copy of the agreement;</li> <li>(ii) A legal opinion by AE legal office confirming that the cooperation agreement(s) between the AE and the eligible contractor(s) is/are effective and legally binding. Such agreement(s) shall include the right of the AE to receive an indemnification from the contractor(s) equivalent to the balance between the interest rate applied by the AE in its ordinary mortgage loan for non EE housing construction and the interest rate of the proposed concessionally priced loan for EE housing construction;</li> <li>(iii) A confirmation that the beneficiaries (house owners) are financially protected and compensated under the Programme in case the house constructed by the contractor does not deliver energy saving to the level agreed by the contractor and AE (i.e. 40 per cent); and</li> </ul> <p>(c) Before the second disbursement, the AE submits the GCF a plan indicating the necessary arrangements to be undertaken by the AE with the</p>

	governmental authorities to the creation and implementation of an effective system to measure the Programme's aggregated impacts, which shall be added to the Nationally Appropriate Mitigation Actions.
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2. The decision by the Board to permit certain accredited entities to seek further approval of the Board of commitment of further funding pursuant to decision B.21/10 shall be conditional upon the satisfaction of the conditions set out in table 3.

**Table 3: Conditions for approval of further commitment by the Board**

<b>Funding proposal number</b>	<b>Conditions</b>
<b>FP 083</b> (World Bank Indonesia)	<p><u>Satisfaction of the following conditions prior to approval by the Board of a commitment of further funding</u></p> <ul style="list-style-type: none"> <li>(a) The GCF having resources available for commitment in respect of the amounts requested;</li> <li>(b) All 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</li> <li>(c) The accredited entity has delivered, in form and substance satisfactory to the GCF Secretariat, within four (4) years of the date of approval by the Board of this funding proposal: <ul style="list-style-type: none"> <li>(i) A request for approval by the Board of a further commitment for the funded activity;</li> <li>(ii) Evidence that at least seventy per cent (70%) of the aggregate amount of the funds previously disbursed by the GCF have been cumulatively disbursed by the accredited entity or legally committed by the executing entity for the implementation of funded activity; and</li> <li>(iii) 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 funded activity as are required to reflect the additional activities to be undertaken with the further funding requested.</li> </ul> </li> </ul>
<b>FP 086</b> (EBRD Green Cities)	<p><u>Satisfaction of the following conditions prior to approval by the Board of a commitment of further funding</u></p> <ul style="list-style-type: none"> <li>(a) The GCF having resources available for commitment in respect of the amounts requested;</li> <li>(b) All 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</li> </ul>



	<p>(c) The accredited entity has delivered, in form and substance satisfactory to the GCF Secretariat, no later than one year prior to the closing date specified in the FAA:</p> <ul style="list-style-type: none"> <li>(i) A request for approval by the Board of a further commitment for the funded activity;</li> <li>(ii) Evidence that at least seventy per cent (70%) of the funds previously disbursed by the GCF have been cumulatively committed by the accredited entity for the implementation of the funded activity;</li> <li>(iii) An indicative pipeline of activities to be funded in full with the further requested funding and other co-financing available to the accredited entity;</li> <li>(iv) In relation to any activities to be funded by a grant from the GCF, an indicative budget by expenditure type;</li> <li>(v) Confirmation that the accredited entity's board of directors has duly authorized, in principle, its co-financing proportionate to the requested subsequent tranche of the GCF funding as part of the total facility; and</li> <li>(vi) 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 funded activity as are required to reflect the additional activities to be undertaken with the further funding requested.</li> </ul>
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3. 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.

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

**Table 4: Project-specific recommendations**

<b>Funding proposal number</b>	<b>Recommendation</b>
<b>FP 083</b> (World Bank Indonesia)	<i>None.</i>
<b>FP 084</b> (UNDP India)	iTAP recommends that the accredited entity implements a system to charge a fee to tourists attracted to this coastal area as a payment for ecosystem services to be used to support this project and its potential expansion/scalability.
<b>FP 085</b> (ADB Pakistan)	<i>None.</i>
<b>FP 086</b> (EBRD Green Cities)	<i>None.</i>

<b>FP 087</b> (IUCN Guatemala)	<p>iTAP recommends that the Evaluation Committee is expanded to include civil society members and academics representing relevant subjects in national universities.</p> <p>The Board recommends that the accredited entity takes the following into consideration during the implementation of the funded activity:</p> <ul style="list-style-type: none"> <li>(a) promoting the diversity of species, as well as the inclusion of native and endemic species, to enhance biodiversity and improved resilience;</li> <li>(b) promoting the diversity of crops associated with the trees, especially in the case of the vegetables and fruit trees that complement the basic staples of maize and beans;</li> <li>(c) taking measures to promote the availability and promotion of seeds that enhance biodiversity and are climate resilient as well as culturally accepted, during and after the implementation period of the project;</li> <li>(d) entering into agreements, with diverse institutions and actors on their roles and responsibilities in planning and operating the network of network of agro-/hydrometeorological stations, as well as the agro-climatic observatory, that are aligned to avoid duplication and competition; and</li> <li>(e) reaching agreements with the currently operating private stations on access to and sharing of data, and thereafter evaluate the need for acquiring additional new stations.</li> </ul>
<b>FP 089</b> (FAO El Salvador)	<i>None.</i>
<b>FP 090</b> (ADB Tonga)	<i>None.</i>
<b>FP 091</b> (ADB Kiribati)	<i>None.</i>
<b>FP 092</b> (AfDB Niger Basin)	<i>None.</i>
<b>FP 093</b> (AfDB Burkina Faso)	<i>None.</i>
<b>FP 094</b> (UNDP Comoros)	<i>None.</i>
<b>FP 095</b> (AFD TFSC)	<i>None.</i>
<b>FP 096</b>	iTAP recommends that prior to the start of the implementation of this program i.e. before the first disbursement, the accredited entity should submit



(AfDB Congo)	to the GCF Secretariat a revised plan for capacity building that will involve the selection of local critical team whose capacity will be built through tangible participation (understudying the main Consultants) in all the work of the executing entity team that will be put together by the accredited entity. Such a local team should have in place professionals who can: identify sites of future mini-grids; carry out engineering design and financial / economic analysis of such systems; and carry out all the functions that an executing entity will be involved in that will deliver mini-grid programs in other towns in the Democratic Republic of Congo.
<b>FP 097</b> (CABEI CAMBio II)	<i>None.</i>
<b>FP 098</b> (DBSA CFF)	<i>None.</i>
<b>FP 099</b> (FMO CIO)	<i>None.</i>
<b>SAP002</b> (WFP Kyrgyzstan)	<i>None.</i>
<b>SAP003</b> (UNEP Bahrain)	<i>None.</i>
<b>SAP004</b> (XacBank Mongolia)	<i>None.</i>

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## **Annex XVI: Green Climate Fund review documents**

### **A. Reviews by the UNFCCC**

- i. The technical summary of the fifth (FCCC/CP/2014/10/Add.2) and sixth reviews of the financial mechanism of the UNFCCC (FCCC/CP/2017/9, Annex II) and decisions 9/CP.20 and 11/CP.23;

### **B. Reviews by the Green Climate Fund Secretariat**

- i. The review on the operation and structure of the Secretariat (Annex III, GCF/B.18/10);
- ii. The performance review of the Accreditation Panel (GCF/BM-2017/10);
- iii. The review of the Accreditation Framework (GCF/B.21/08);
- iv. The review of the financial terms and conditions of the Fund's financial instruments (GCF/B.21/05 and Add.01);
- v. The review of the structure, performance and capacity of ITAP (GCF/B.18/Inf.11, GCF/B.21/04);
- vi. The Secretariat's initial review of the Readiness and Preparatory Support Programme (GCF.B19/32/Add.01);
- vii. The forward-looking roadmap on the Green Climate Fund's private sector work; and
- viii. The first annual portfolio performance report (GCF/B.21/Inf.12).

### **C. Reviews by the IEU**

- i. The independent evaluation of the Readiness and Preparatory Support Programme (GCF/B.21/28 and Add.01);
- ii. The independent evaluation of the implementation of the results management framework (GCF/B.21/20).

## **Annex XVII: Process for the first formal replenishment of the Green Climate Fund**

- (a) The engagement of potential contributors will take place in the form of an organizational meeting, two or more replenishment consultation meetings and a high-level pledging conference (the “replenishment meetings”), as well as virtual communication between meetings as necessary;
- (b) Organizational arrangements for the replenishment meetings should commence as soon as possible with a view to the process being finalized through a high-level pledging conference;
- (c) The Co-Chairs will issue an open invitation to all potential contributors, as outlined in paragraph 29 of the Governing Instrument, to the Fund’s first replenishment process at a date to be determined following consultations with Board and alternate Board members;
- (d) The replenishment meetings will be open to potential contributors;
- (e) Two active observers of the Board (one civil society/ one private sector), as well as the Executive Director or Executive director ad interim shall observe the process;
- (f) A representative from the UNFCCC will be invited to observe the consultation meetings. Additional observers may be invited by meeting participants in line with the meetings’ rules of conduct;
- (g) The replenishment meetings may be organized in the form of technical sessions, open to potential contributors and observers, as well as executive sessions, which will be open only to potential contributors and the Board representatives specified above participating as observers, with support from the Secretariat. Representatives of the Trustee will be invited to attend sessions of such meetings in order to provide relevant support to the Secretariat; and
- (h) The rules of conduct of the replenishment meetings will be developed at the first meeting.

### **Replenishment Inputs and outcomes**

- (a) The Secretariat, with the support of the Trustee, as relevant, will prepare any inputs required to inform the replenishment meetings, including inter alia:
  - (i) A document summarizing decisions taken by the Board that are necessary to guide decisions relevant to the first formal replenishment;
  - (ii) Any documents requested by the Board to help inform the replenishment process, including those identified in decision B.21/17; and
  - (iii) Information on the financial position of the GCF;
- (b) Progress in the replenishment consultation meetings will be reported to the Board, and the Board will be requested to consider and endorse the outcomes of the process; and
- (c) The disclosure of information and documents regarding the first replenishment process will be governed by the GCF Information Disclosure Policy.

## Indicative timeline

The key stages, with indicative date ranges, for the GCF proposed first formal replenishment process are as follows:

- (a) **Initial organizational meeting** – *November 2018*: An organizational meeting could be held to consider planning matters for the replenishment meetings.
- (b) **Twenty-second to twenty-third/fourth meetings of the Board and Consultation Meetings** – *Period of 6-12 months from decision to initiate replenishment*:
  - (i) The twenty-second meeting of the Board (Q1 2019) may consider any additional matters relating to the replenishment process and review relevant documents commissioned by the Board to inform the replenishment process;
  - (ii) An initial report identifying emerging areas of recommendations (March 2019), and then a final report reviewing the performance of the Green Climate Fund (June 2019) could be presented for consideration;
  - (iii) Two or more replenishment consultations could be held (Q1-Q3 2019) to consider matters relating to the Fund's performance, potential impact, programming, financial position and contributions;
  - (iv) The twenty-third and/or twenty-fourth meeting of the Board (Q3 2019) would be informed of developments in replenishment consultations and consider any matters requiring Board endorsement or decision, as well as finalize the update to the GCF Strategic Plan;
- (c) **High-level pledging conference** – *[2019]*: A pledging conference could be held to announce contributions;
- (d) **Finalization of contributions** – *Period of 3-6 months from pledging*: A further 3–6 months would likely be required following pledging to conclude contribution arrangements between contributors and the GCF [Interim] Trustee, reach any effectiveness threshold, and begin receiving funds into the GCF account.



## Annex XVIII: Budget

Budget item	Amount (USD)
<b>Advocacy and outreach</b>	
Travel: regional outreach	221,500
Conferences: regional outreach	120,000
<b>Arrangements for replenishment process</b>	
Replenishment facilitator	75,000
Conferences: 3 consultation meetings	174,000
Travel: 3 replenishment consultation meetings	288,000
Conferences: pledging conference	48,000
Travel: pledging conference	90,000
<b>Technical support</b>	
Replenishment advisers	100,000
Consultancies: review of Policies for Contributions	180,000
	<b>1,296,500</b>