



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
6 – 8 July 2019  
Songdo, Incheon, Republic of Korea  
Provisional agenda item 20

**GCF/B.23/02**

**14 June 2019**

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# Consideration of funding proposals

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## **Summary**

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

## I. Overview of funding proposals for consideration

### 1.1 Funding proposals submitted for consideration by the Board

1. For the twenty-third meeting of the Board (B.23), a total of 10 funding proposals are presented to the Board for its consideration. These 10 proposals request, at this Board meeting, USD 266.9 million of GCF funding, supporting projects and programmes with a total value of USD 1,451.6 million. Table 1 presents the list of the 10 proposals. The numbering of the funding proposals continues from the proposals approved at previous Board meetings, 102 of which comprise the current portfolio.<sup>1</sup>

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

No.	Project name	Accredited entity	Country	Thematic window	Public/private	RfP	GCF funding (million USD) <sup>a</sup>
FP 107	Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan	UNDP	Bhutan	Adaptation	Public		25.3
FP 108	Transforming the Indus Basin with Climate Resilient Agriculture and Water Management	FAO	Pakistan	Adaptation	Public		35.0
FP 109	Safeguarding rural communities and their physical and economic assets from climate induced disasters in Timor-Leste	UNDP	Timor-Leste	Adaptation	Public		22.4
FP 110	Ecuador REDD-plus RBP for results period 2014	UNDP	Ecuador	Mitigation	Public	REDD + RBP	18.6
FP 111	Promoting climate-resilient forest restoration and silviculture for the sustainability of water-related ecosystem services	IDB	Honduras	Cross-cutting	Public		35.0
FP 112	Addressing Climate Vulnerability in the Water Sector (ACWA) in the Marshall Islands	UNDP	Marshall Islands	Adaptation	Public		18.6
FP 113	TWENDE: Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands	IUCN	Kenya	Adaptation	Public		23.2
FP 114	Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana	AfDB	Ghana	Cross-cutting	Private	MSME	20.0
FP 115	Espejo de Tarapacá	MUFG_Bank	Chile	Cross-cutting	Private	MFS	60.0
SAP 007	Integrated Climate Risk Management for Food Security and Livelihoods in Zimbabwe focusing on Masvingo and Rushinga Districts	WFP	Zimbabwe	Adaptation	Public		8.9
<b>Total GCF funding requested</b>							<b>266.9</b>

*Abbreviations:* AfDB = African Development Bank, FAO = Food and Agriculture Organization of the United Nations, IDB = Inter-American Development Bank, IUCN = International Union for Conservation of Nature, MFS = Mobilizing

<sup>1</sup> Note that: FP082 was not approved by the Board at its twenty-first meeting and was withdrawn from the twenty-second meeting of the Board; FP031 was not submitted; FP032 was withdrawn; FP055 and FP057 were not approved by the Board; approval of FP029 lapsed on 23 October 2017; approval of FP030 lapsed on 28 July 2018; and approval of FP006 lapsed on 26 September 2018; and FP079 and FP088 (currently FP110) were withdrawn by the accredited entity. Accordingly, this results in 102 approved projects/programmes – 79 public sector and 23 private sector – as of 30 April 2019.

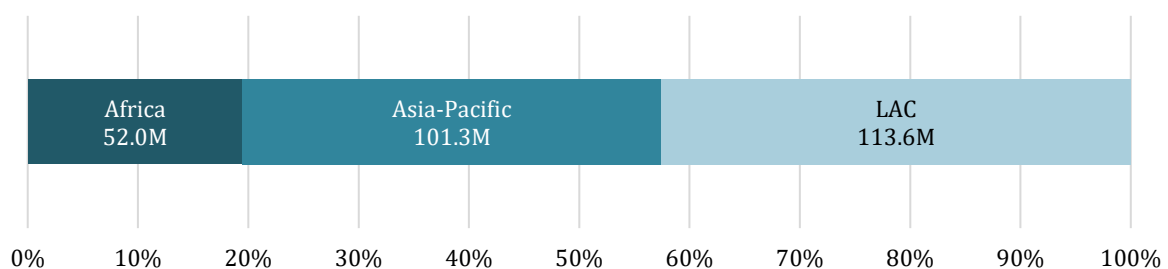
funds at scale, MSME = Pilot programme to support micro, small and medium sized enterprises, MUFG\_Bank = MUFG Bank, Ltd, REDD+ RBP = REDD-plus results based payment, RFP = Request for proposal, UNDP = United Nations Development Programme, WFP = World Food Programme.

<sup>a</sup>The individual funding amounts are rounded to the nearest tenth therefore the total may not be the exact sum of these numbers due to rounding.

2. The Secretariat had submitted 12 funding proposals to the independent Technical Advisory Panel (iTAP) for review by April 2019. Out of the 12 funding proposals, 10 were recommended by the iTAP, including one simplified approval process (SAP) proposal. Two funding proposals were not progressed by the iTAP due to: in one case, the insufficient impact potential in terms of actual mitigation results, as the proposal focuses on building an enabling environment and regulatory framework; and, in the other case, insufficient clarity over key project design aspects, including the underlying sub-project pipeline, legal and contractual arrangements, particularly for upstream project elements, and the overall approach to risk sharing across project participants, in the absence of which the iTAP has not been able to fully assess the proposal against the GCF investment criteria. In accordance with decision B.17/09, paragraph (j), such funding proposals are currently being revised by the accredited entities and the Secretariat with a view to addressing the comments made by the iTAP and presenting the funding proposals at a future meeting of the Board.

3. The regional distribution of the 10 funding proposals are presented in figure 1 below.

**Figure 1: Regional distribution of GCF funding in USD**



*Abbreviations:* LAC = Latin America and the Caribbean, M = million.

4. Of the 10 funding proposals submitted for the Board’s consideration, 8 are public-sector proposals, including one SAP proposal, requesting GCF funding of USD 186.9 million and 2 are private-sector proposals - one MSME proposal and one MFS proposal - requesting GCF funding of USD 80.0 million.

5. On a thematic basis, USD 109.2 million (41 per cent) is allocated for mitigation projects and USD 157.7 million (59 per cent) is allocated for adaptation projects.

6. For B.23, all the requested GCF funding is from international access entities (IAEs).

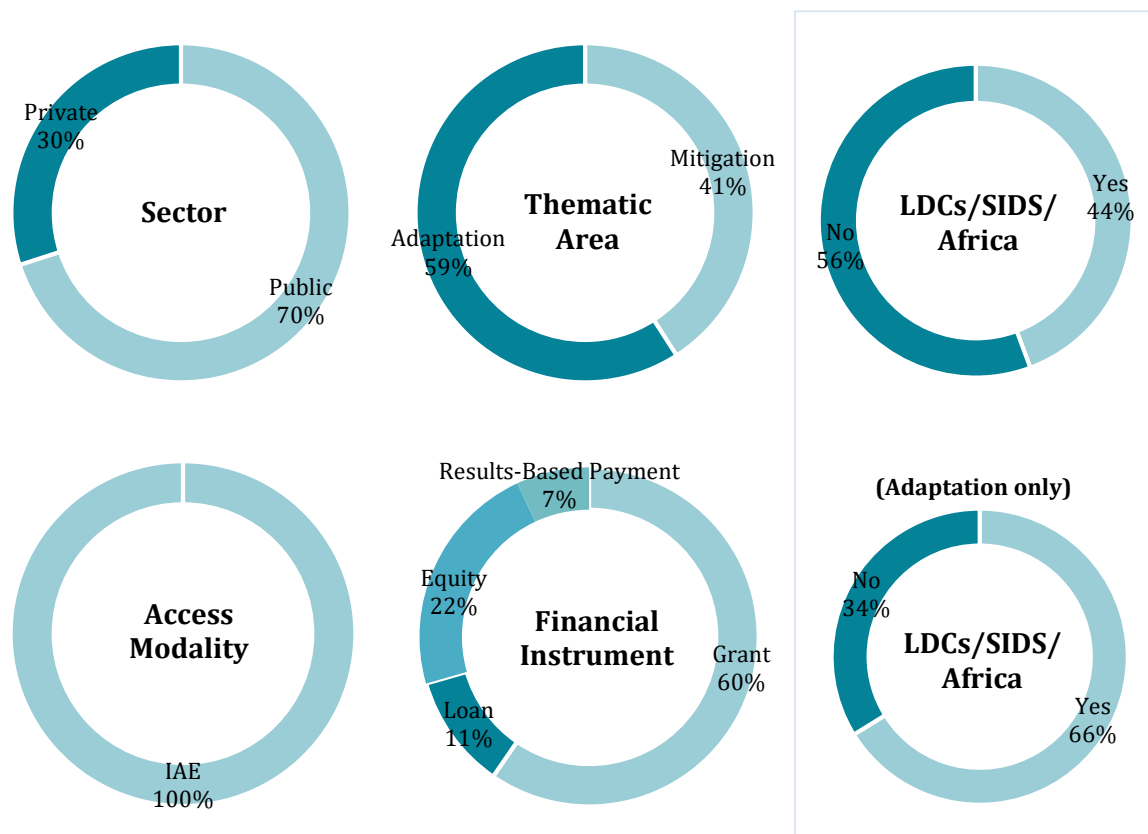
7. The largest portion of the financial instruments are grant (60 per cent, USD 159.0 million), followed by equity (22 per cent, USD 60.0 million), loan (11 per cent, USD 29.3 million), and results-based payment (7 per cent, USD 18.6 million).

8. In terms of distribution among vulnerable countries, six of the funding proposals either wholly or partly target the least developed countries (LDCs), small island developing States (SIDS) and/or African States, totalling USD 118.3 million, and account for 44 per cent of the total requested GCF funding amount.<sup>2</sup>

<sup>2</sup> The further breakdowns for LDCs, SIDS and African States, respectively are as follows:  
 For LDCs: 18% LDCs, and 82% non-LDCs;  
 For SIDS: 15% SIDS, and 85% non-SIDS;  
 For African States: 19% Africa, and 81% non-African States.

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

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



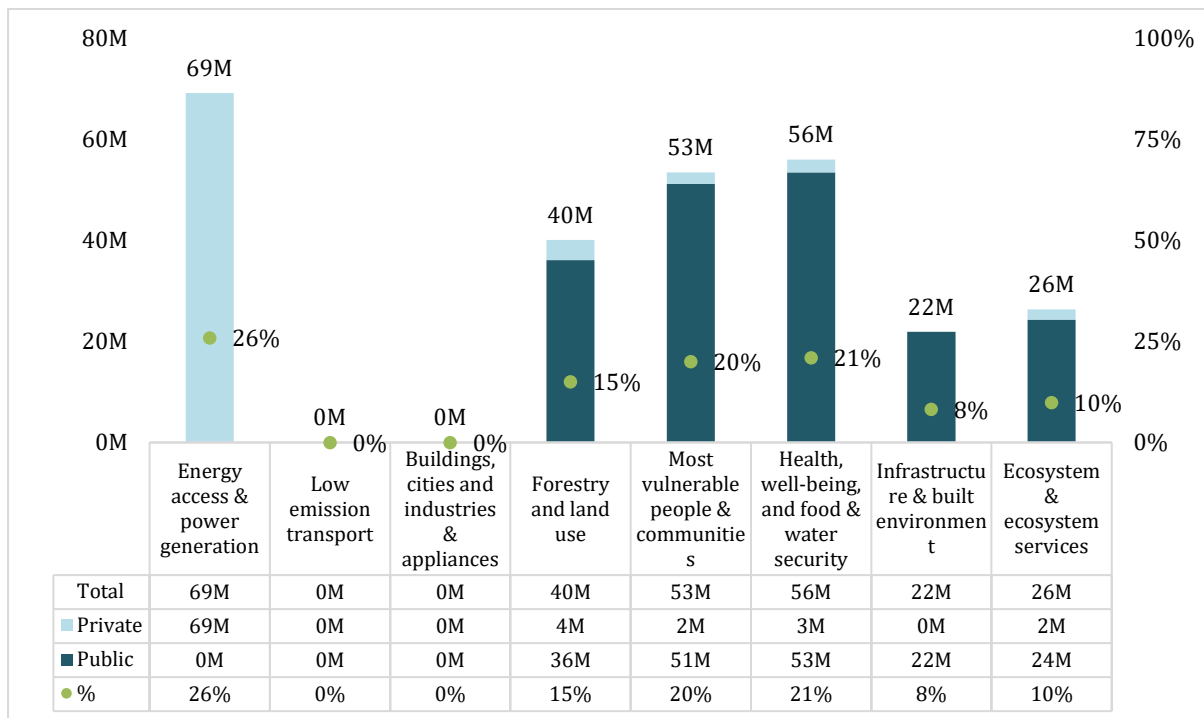
*Abbreviations:* IAE = international access entity, LDCs = least developed countries, SIDS = small island developing States.

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

10. In terms of results areas, the area for “energy access and power generation” will receive the largest portion of GCF funding (USD 69 million, 26 per cent) while the areas “low emission transport” and “buildings, cities and industries & appliances” will receive the lowest, with no funding to these areas (see figure 3).

11. The expected impact potential is to abate a total of 52.3 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>eq) of greenhouse gases and reach 37.7 million (direct and indirect) beneficiaries, based on the estimations of accredited entities (AEs) (see figures 4 and 5).

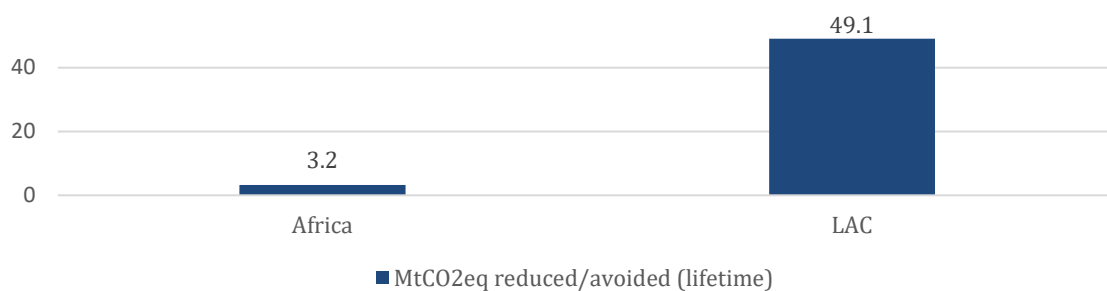
**Figure 3: GCF funding amount by result area <sup>a</sup>**



*Abbreviation:* M = million.

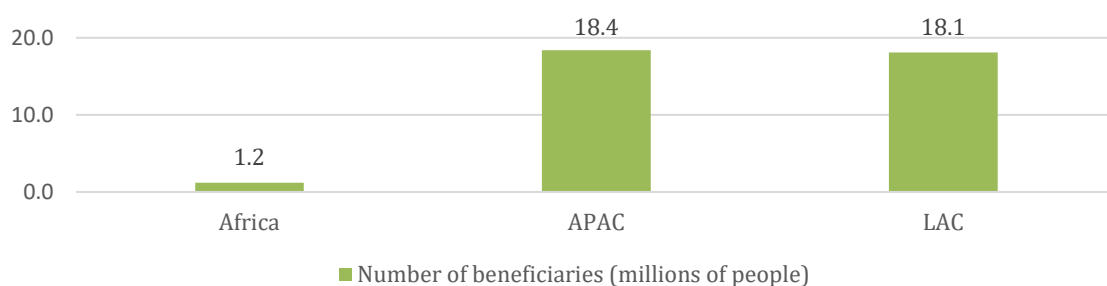
<sup>a</sup> Estimates of GCF funding by mitigation/adaptation and the eight results areas is based on the information provided by the accredited entities and/or an analysis by the Secretariat of the budget for each funding proposal, with review and verification by the appropriate accredited entities.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

**Figure 4: Estimated climate impact potential by region**



*Abbreviations:* MtCO<sub>2</sub>eq = million tonnes of carbon dioxide equivalent, LAC = Latin America and the Caribbean.

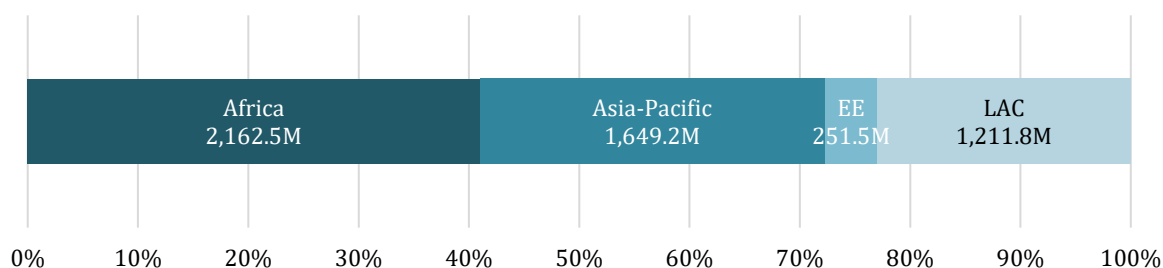
**Figure 5: Estimated adaptation impact potential by region**



## 1.2 Projected portfolio composition

12. If the 10 funding proposals presented at B.23 are approved by the Board, the aggregated portfolio would comprise 112 projects and programmes, with a total GCF funding amount of USD 5.3 billion and a total value of USD 19.0 billion, when taking co-financing into account. The regional distribution of the 112 projects or programmes is presented in figure 6 below.

**Figure 6: Regional distribution of GCF funding in USD**



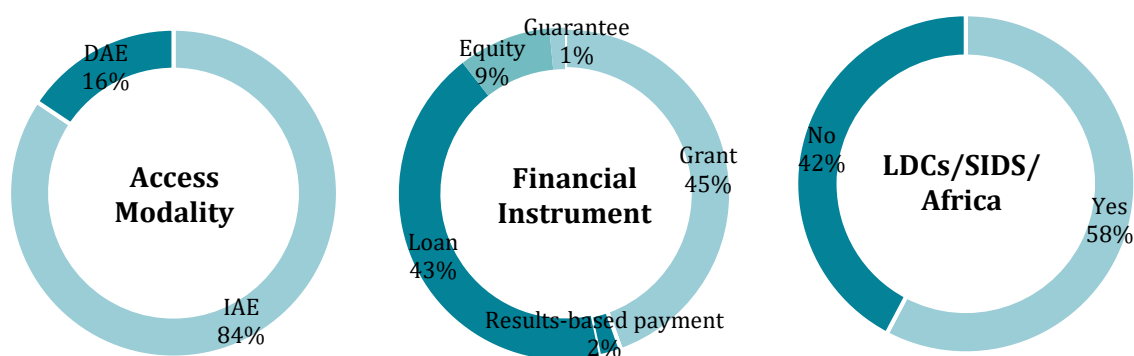
Abbreviations: EE = Eastern Europe, LAC = Latin America and the Caribbean, M = million.

13. The majority of GCF funding will be channelled through IAEs, allocating USD 4.5 billion for 86 projects, which represents 84 per cent of total GCF funding. The remaining 16 per cent will flow into DAEs in the amount of USD 823.7 million for 26 projects.

14. The portfolio will utilize a wide range of financial instruments as authorized by the Governing Instrument for the GCF. The largest portion of the portfolio will be financed by grants (45 per cent, USD 2.3 billion) and loans (43 per cent, USD 2.3 billion), followed by equity (9 per cent, USD 477.4 million), result-based payments (2 per cent, USD 115.0 million) and guarantees (1 per cent, USD 80 million).

15. Of the 112 funding proposals in the projected portfolio, 71 projects and programmes will either wholly or partly target the LDCs, SIDS and/or African States totalling USD 3.0 billion, and account for 58 per cent of the total requested GCF funding amount (see figure 7).<sup>3</sup>

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

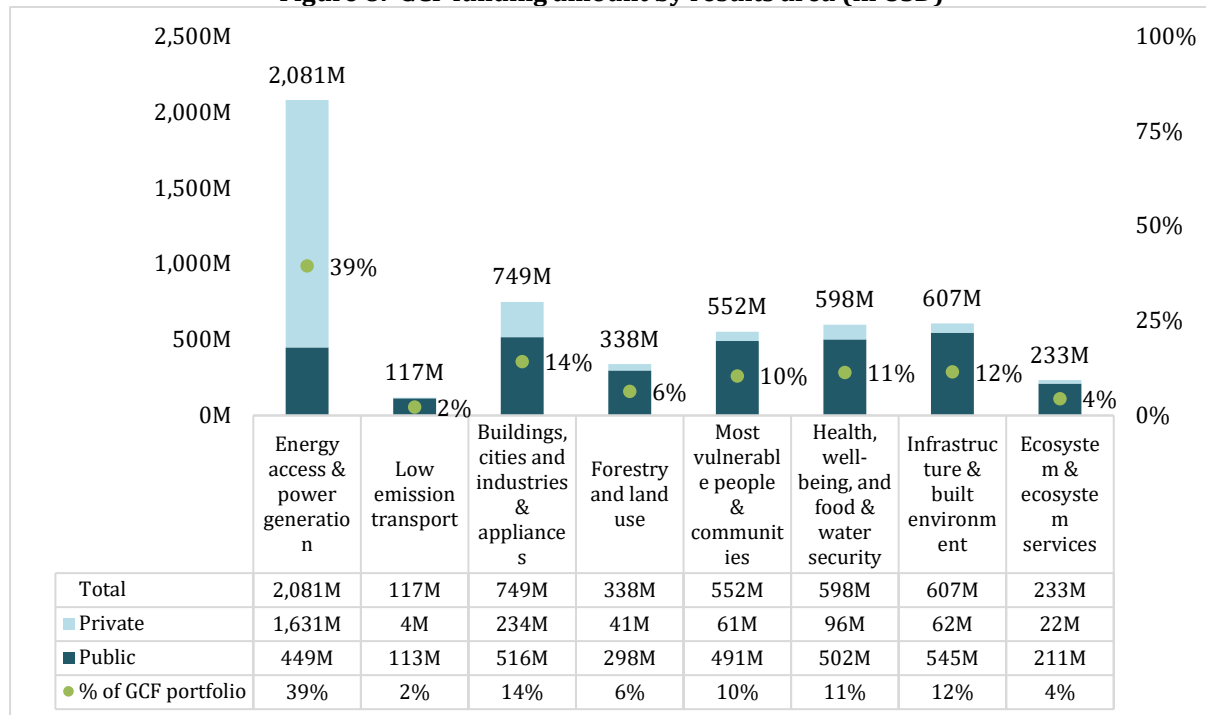


16. Figure 8 shows the projection of GCF funding in the eight results areas. Among the results areas, the “energy access and power generation” area will receive the largest portion of

<sup>3</sup> The further breakdowns for LDCs, SIDS and African States respectively are as follows:  
 For LDCs: 25% LDCs, and 75% non-LDCs;  
 For SIDS: 16% SIDS, and 84% non-SIDS;  
 For African States: 41% Africa, and 59% non-African States.

GCF funding (USD 2.1 billion, 39 per cent) while the “low emission transport” area will receive the lowest (USD 117 million, 2 per cent).

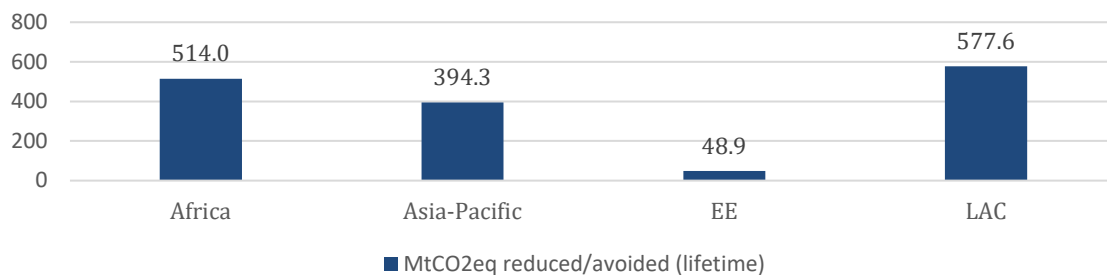
**Figure 8: GCF funding amount by results area (in USD)**



Abbreviation: M = million.

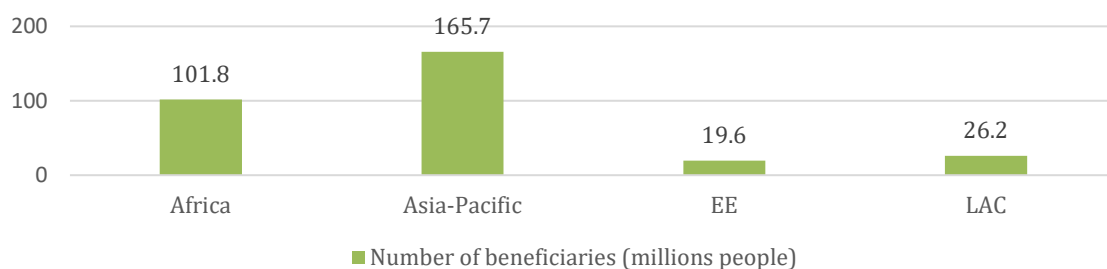
17. The GCF portfolio of approved projects is expected to abate a total of 1.5 billion tonnes of CO<sub>2</sub>eq of greenhouse gases and reach 313.2 million (direct and indirect) beneficiaries, based on the estimations of AEs. (see figures 9 and 10)

**Figure 9: Estimated climate impact potential by region**



Abbreviations: EE = Eastern Europe, LAC = Latin America and the Caribbean, MtCO<sub>2</sub>eq = million tonnes of carbon dioxide equivalent.

**Figure 10: Estimated adaptation impact potential by region**

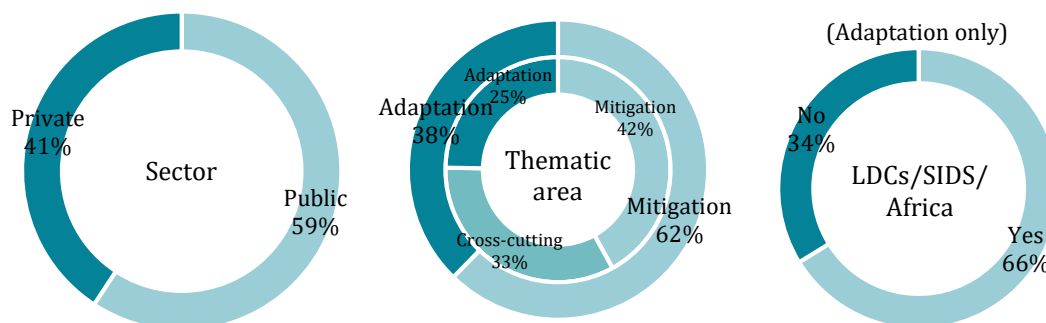


Abbreviations: MtCO<sub>2</sub>eq = metric tonnes carbon dioxide equivalent, EE = Eastern Europe, LAC = Latin America and the Caribbean.

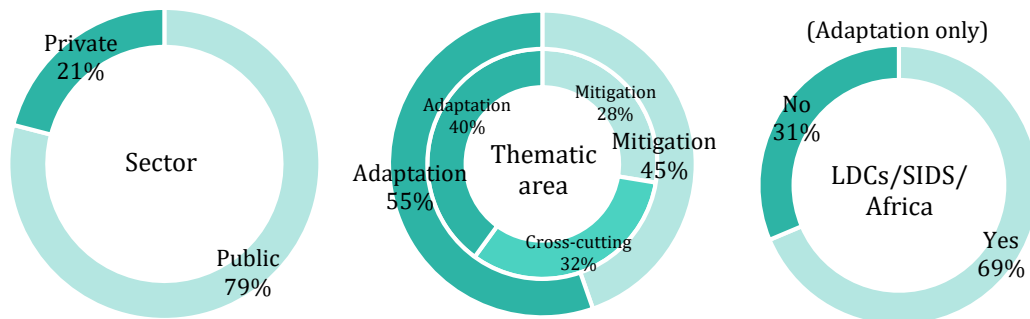
18. As per the investment framework and programming document from the initial resource mobilization<sup>4</sup>, the breakdown by sector, thematic area, and adaptation allocation for LDCs, SIDS and/or African States are presented in both nominal and grant equivalent terms<sup>5</sup> (See Figure 11).

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

**Nominal terms**



**Grant equivalent terms**



Abbreviations: LDCs = least developed countries, SIDS = small island developing States.

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

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



## II. Funding proposal package guide

19. Ten funding proposals are presented as individual addenda (see document GCF/B.23/02/Add.01-09) including one simplified approval process (SAP) proposal that is presented separately (see document GCF/B.23/02/Add.12), each containing seven parts:

- (a) Part A. The funding proposal,<sup>6</sup> as submitted by the accredited entity (AE);
- (b) Part B. The no-objection letter, as issued by the national designated authority;
- (c) Part C. The environmental and social report disclosure document;
- (d) Part D. The Secretariat's assessment<sup>7</sup>;
- (e) Part E. The independent Technical Advisory Panel's assessment;
- (f) Part F. The response from the AE to the independent Technical Advisory Panel's assessment; and
- (g) Part G. The gender assessments and action plans.

20. The following additional four addenda are also provided to supplement the ten funding proposal packages referred to in paragraph 19 above:

- (a) Document GCF/B.23/02/Add.10 and 11: the funding proposal packages for FP 114-115, including the full funding proposals, term sheets and the Secretariat's assessments;<sup>8</sup>
- (b) Document GCF/B.23/02/Add.13: the list of proposed conditions and recommendations for 107-115, and SAP 007. The Board is requested to review the proposed conditions and recommendations, which it may choose to adopt in full or in part, for inclusion in the draft decision (see annex I);
- (c) Document GCF/B.23/02/Add.14: the term sheets for FP 107-113, and SAP 007 setting out, in summary form, the key terms and conditions relating to the proposed funded activity;

21. Due to the deliberative nature of their information, documents GCF/B.23/02/Add.13 – 14 are made available in limited distribution.

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

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

23. Once the decision is made, it will be recorded by the Secretariat and communicated to the Trustee. The Secretariat will also inform the AE and the national designated authority (NDA) or focal point (FP) of the decision and the next steps. In case of rejection, the Secretariat will inform the NDA/FP that they may request reconsideration of the funding decision via the independent Redress Mechanism.<sup>9</sup>

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<sup>6</sup> Due to the confidentiality of the private-sector proposals, funding proposal summary packages are presented.

<sup>7</sup> For confidentiality purposes, the Secretariat's assessments for the private sector proposals are included in document GCF/B23/10/Add.10 and 11.

<sup>8</sup> For confidentiality purposes, these addenda are made available on a secure website.

<sup>9</sup> Decision B.17/09.

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.23/02 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
- (i) Funding proposal 107 titled “Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.01 and 14;
  - (ii) Funding proposal 108 titled “Transforming the Indus Basin with Climate Resilient Agriculture and Water Management”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.23/02/Add.02 and 14;
  - (iii) Funding proposal 109 titled “Safeguarding rural communities and their physical and economic assets from climate induced disasters in Timor-Leste”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.03 and 14;
  - (iv) Funding proposal 110 titled “Ecuador REDD-plus RBP for results period 2014”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.04 and 14;
  - (v) Funding proposal 111 titled “Promoting climate-resilient forest restoration and silviculture for the sustainability of water-related ecosystem services”, by the Inter-American Development Bank, as contained in document GCF/B.23/02/Add.05 and 14;
  - (vi) Funding proposal 112 titled “Addressing Climate Vulnerability in the Water Sector (ACWA) in the Marshall Islands”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.06 and 14;
  - (vii) Funding proposal 113 titled “TWEENDE: Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya’s Arid and Semi-Arid Rangelands”, by the International Union for Conservation of Nature, as contained in document GCF/B.23/02/Add.07 and 14;
  - (viii) Funding proposal 114 titled “Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana”, by the African Development Bank, as contained in document GCF/B.23/02/Add.10;
  - (ix) Funding proposal 115 titled “Espejo de Tarapacá”, by MUFJ Bank, Ltd, as contained in document GCF/B.23/02/Add.11; and
  - (x) Simplified Approval Process (SAP) funding proposal 007 titled “Integrated Climate Risk Management for Food Security and Livelihoods in Zimbabwe focusing on Masvingo and Rushinga Districts”, by the World Food Programme, as contained in document GCF/B.23/02/Add.12 and 14.
- (b) Approves funding proposal 107 for the amount of USD 25,347,194, submitted by the United Nations Development Programme, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (c) Also Approves funding proposal 108 for the amount of USD 34,990,832, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions

- set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (d) Further Approves funding proposal 109 for the amount of USD 22,356,805, submitted by United Nations Development Programme, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (e) Approves funding proposal 110 for the amount of USD 18,571,766, submitted by the United Nations Development Programme, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (f) Also approves funding proposal 111 for the amount of USD 35,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (g) Further approves funding proposal 112 for the amount of USD 18,631,216, submitted by the United Nations Development Programme, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (h) Approves funding proposal 113 for the amount of USD 23,152,082, submitted by the International Union for Conservation of Nature, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (i) Also approves funding proposal 114 for the amount of USD 20,000,000, submitted by the African Development Bank, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.10;
- (j) Further approves funding proposal 115 for the amount of USD 60,000,000, submitted by MUFG Bank, Ltd, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.11;
- (k) Approves simplified approval process (SAP) funding proposal 007 for the amount of USD 8,858,316, submitted by the World Food Programme, subject to the conditions set out in document GCF/B.23/02/Add.13 and in the respective term sheet set out in document GCF/B.23/02/Add.14;
- (l) 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
- (m) Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.
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