



**GREEN  
CLIMATE  
FUND**

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Provisional agenda item 8

**GCF/B.30/Inf.11/Add.02**

**13 September 2021**

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# Consistency of funding proposal conditions with the GCF policies

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## **Summary**

This document presents a report on the consistency of funding proposal conditions with GCF policies, as originally mandated under decision B.16/02 paragraphs (l) and (n). It identifies all funding proposals approved from B.11 to B.29 for which the GCF Board imposed conditions, provides an update on the status of fulfilment of these conditions, and analyses the conditions imposed on funding proposals approved at B.16 for inconsistency with GCF policies. As the report identifies that all relevant funding proposals which remain active in the GCF portfolio are proceeding to implementation in the normal course, this report does not present any specific recommendations for further Board guidance at this time.

## I. Introduction

1. In decision B.07/03, the initial funding proposal (FP) approval process established that there are three potential outcomes of the decision by the Board: the FP is either approved; approved with conditions; or rejected. Since the Board approved the first tranche of FPs at its eleventh meeting, 177 FPs have been approved, 123 of which were approved with conditions.

2. In anticipation of the continuing increase both in the number and variety of FP conditions and the number of approved GCF policies, the Board requested the Secretariat, in decision B.16/02 (l), “to assess the conditions set out in annex I [approval of funding proposals] and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat shall make a recommendation to the Board for further guidance and pending such guidance, the relevant condition shall be deemed not to apply.” Further, in decision B.16/02(n), the Board “requests the Secretariat to prepare a report on the conditions and time frames of all projects approved by the Board and the status of implementation.”

3. Following the Board mandates, this report will first address the consistency with GCF policy of conditions imposed on the FPs referred to in decision B.16/02(l), followed by a status update of the total number of conditions imposed on all approved FPs up to B.29 for which the Funded Activity Agreement (FAA) has become effective. It is noted for context that the implementation of the GCF portfolio has substantially accelerated since the B.16 decision was taken by the Board. As an overall matter, this report finds that, with the exception of one proposal which lapsed following notice from the AE, all FPs with conditions are either currently under implementation or proceeding to implementation in the normal course, indicating no further specific Board action is required at this time.

## II. Consistency of FP conditions with GCF policies approved at B.16

4. In decision B.16/02, the Board approved 8 FPs, and the first part of the above request refers specifically to these 8 FPs. In order to address the question of whether the conditions of the FPs are consistent with GCF policies, the following subordinate questions can be considered:

- (a) Has the approved project or programme been retired due to non-fulfilment of the conditions?
- (b) Has the FAA for the project or programme become effective?

5. If projects or programmes have been retired due to non-fulfilment of conditions, this may be taken as an indication that the conditions were inconsistent with GCF policies, or otherwise unimplementable by the AE. Once FAA has become effective, the state of fulfilment of conditions imposed at Board approval stage can be assessed.

6. With respect to the status of fulfilment of the conditions imposed by the Board, they can be categorised as either:

- (a) Fulfilled;
- (b) In progress; or
- (c) Not started.

7. For conditions on which actions towards fulfilment have not yet started, this is because the conditions apply to a stage of implementation that has not yet been reached, and thus has not directly resulted in delays or obstructions to the effectiveness of the FAA or implementation of the initiative. For example, one of the conditions imposed on FP040 required the AE to deliver to the GCF a request for disbursement in respect of the financing needs under the FAA. At the time of this review, the request for disbursement had not yet started as the project implementation has not yet reached that stage.

8. The status and conditions of FPs approved at B.16 (FP038 to FP046) are outlined as below:

No.	FP	Project name	FAA status	No. of conditions	Condition status
1	FP038	GEEREF Next	Withdrawn	N/A	N/A
2	FP039	GCF-EBRD Egypt Renewable Energy Financing Framework	Effective	8	Fulfilled – 8
3	FP040	Tajikistan: Scaling Up Hydropower Sector Climate Resilience	Effective	22	Fulfilled – 12 Not started – 10
4	FP041	Simiyu Climate Resilient Project	Effective	5	Fulfilled – 2 Not started – 3
5	FP042	Irrigation development and adaptation of irrigated agriculture to climate change in semi-arid Morocco	Effective	15	Fulfilled – 10 Not started – 5
6	FP043	The Saïss Water Conservation Project	Effective	29	Fulfilled – 15 Not started – 14
7	FP044	Tina River Hydropower Development Project	Effective	6	Not started – 6
8	FP045	Ground Water Recharge and Solar Micro Irrigation to Ensure Food Security and Enhance Resilience in Vulnerable Tribal Areas of Odisha	Effective	21	Fulfilled – 11 Not started – 10
9	FP046	Renewable Energy Program #1 – Solar	Effective	4	Fulfilled – 4

9. Of the FPs that were approved in B.16, one programmes has lapsed – FP038 GEEREF Next (see Figure 1) for reasons unrelated to GCF policy. Accordingly, on 13<sup>th</sup> June 2020 the Board approval for FP038 lapsed and this project has been removed from the GCF portfolio. All FAAs for the remaining 8 FPs are effective, indicating that the conditions for effectiveness are consistent with GCF policies and implementable.

10. A total of 121 conditions were imposed by the Board on these 8 FPs, of which 62 have been fulfilled and 59 are not yet started (See Figure 2). The conditions that have not started are related to disbursements and do not indicate any conflict with GCF policy matters nor obstruction with continuation of funded activities. In conclusion, there is no evidence or indication that any of the conditions imposed at B.16 on these 8 FPs were inconsistent with GCF policies.

Figure 1: Active projects/programmes

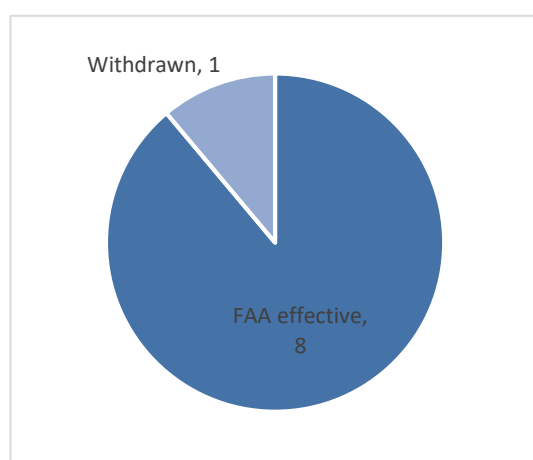
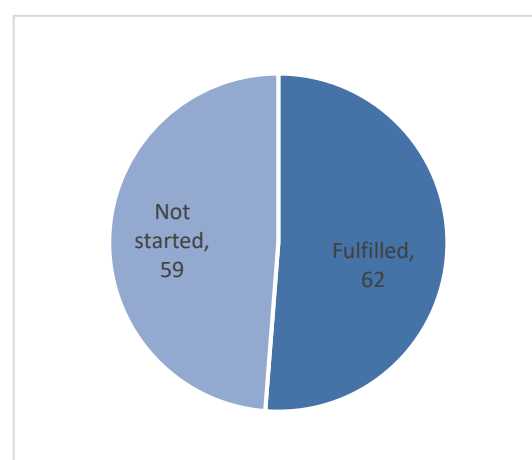


Figure 2: Status of FP conditions



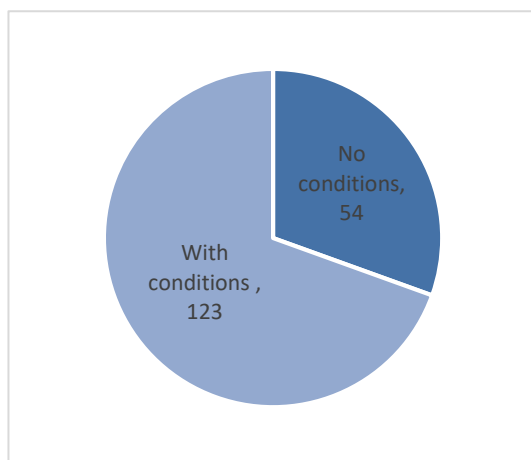
### III. Status of implementation of FP conditions up to B.29

11. Applying the same methodology to the overall GCF portfolio, the 177 FPs approved up to B.29 have been analysed, including those under the Simplified Approval Process (SAP).

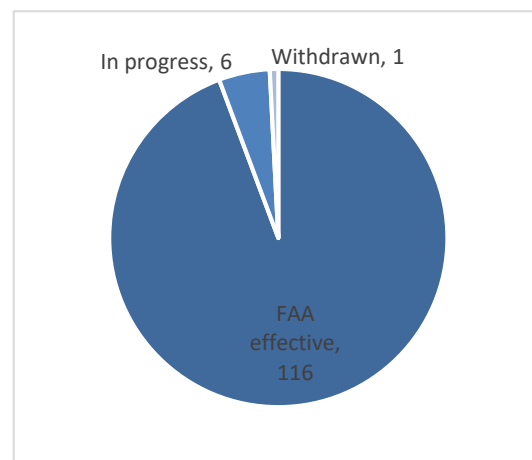
12. Out of the 177 approved FPs, 123 FPs had conditions imposed by the Board (see Figure 3). Of these 123 FPs, 116 have reached FAA effectiveness, 6 are in process towards FAA effectiveness (FP027, FP148, FP149, FP153, FP164, FP168) and one programme has been withdrawn (FP038, as noted above) (see Figure 4). The 6 projects and programmes that have not reached FAA effectiveness have conditions that are either in progress or not yet started.

13. Of the 117 FPs with conditions that have reached FAA effectiveness, a total of 939 conditions were imposed by the Board, of which 533 have been fulfilled, 17 are in progress, and 389 have not yet started (see Figure 5).

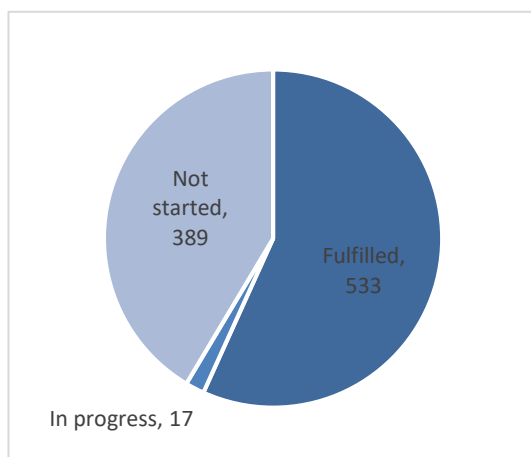
**Figure 3: FP with conditions**



**Figure 4: Status of FPs**



**Figure 5: Status of conditions**



14. All funding proposals that have reached the point at which the imposed conditions must be applied have either fulfilled these conditions or are in the process of doing so. There are thus no indications to date that the imposed conditions conflict with, or that their fulfilment is delayed or complicated by, any of the policies approved by the GCF Board to date (according to the full list of policies, strategies and guidelines provided in Annex I).

## Annex I: List of policies, strategies and guidelines by GCF up to B.29

No.	Title	Effective
1	Governing instrument	11-Dec-11
2	Guidelines relating to the observer participation, accreditation of observer organizations and participation of active observers	15-Mar-13
3	Guidelines on the participation and conduct of advisers in Board meetings	28-Jun-13
4	Performance indicators of the initial result areas of the Fund	10-Oct-13
5	Initial result areas of the Fund	10-Oct-13
6	Guiding principles and factors determining terms of financial instruments	10-Oct-13
7	Arrangements between the Conference of Parties to the United Nations Convention on Climate Change and the Green Climate Fund	10-Oct-13
8	Administrative policies of the Fund	21-Feb-14
9	Initial financial risk management framework	21-May-14
10	Initial guiding framework for the Funds' accreditation process	21-May-14
11	Initial fiduciary principles and standards of the Fund	21-May-14
12	Interim environmental and social safeguards of the Fund	21-May-14
13	Performance measurement framework for REDD+ results-based payments	17-Oct-14
14	Mitigation and adaptation performance measurement frameworks	17-Oct-14
15	Initial general guidelines for country programmes	17-Oct-14
16	Policy on fees for accreditation of the Fund	17-Oct-14
17	Guidelines for the operationalization of the fit-for-purpose accreditation approach	17-Oct-14
18	Corporate procurement guidelines on the use of consultants	17-Oct-14
19	Corporate procurement guidelines for goods and services	17-Oct-14
20	Policies for contribution to the Green Climate Fund for the Initial Resource Mobilization	17-Oct-14
21	Initial logic model for REDD+ results-based payments	17-Oct-14
22	Initial no-objection procedure	17-Oct-14
23	Financial terms and conditions of grants and concessional loans	26-Mar-15
24	Legal and formal arrangements with Accredited Entities	26-Mar-15
25	Policy on ethics and conflicts of interest for the Board of the Green Climate Fund	26-Mar-15
26	Initial investment framework: activity-specific sub-criteria and indicative assessment factors	26-Mar-15
27	Administrative guidelines on the internal control framework and internal audit standards	27-Jun-15
28	Draft provisions for privileges and immunities	09-Jul-15
29	Policy on ethics and conflicts of interest for external members of the Green Climate Fund panels and groups	09-Jul-15
30	Policy on ethics and conflicts of interest for the Executive Director of the Green Climate Fund Secretariat	09-Jul-15
31	Monitoring and accountability framework for accredited entities	05-Nov-15
32	Additional policy guidance for the purpose of Accreditation Master Agreements	10-Mar-16
33	Information disclosure policy	10-Mar-16
34	Initial strategic plan for the GCF	10-Mar-16
35	Rules of procedure	10-Mar-16



36	Policy on ethics and conflicts of interest for Board-appointed officials	30-Jun-16
37	Risk appetite statement (Component II)	06-Jul-17
38	Revised risk register (Component I)	06-Jul-17
39	Updated project and programme cycle	06-Jul-17
40	Operational framework for complementarity and coherence	06-Jul-17
41	Guidelines for enhanced country ownership and country driven-ness	06-Jul-17
42	Risk guidelines for funding proposals (Component IV)	06-Jul-17
43	Anti-money laundering and countering the financing of terrorism policy	02-Oct-17
44	Simplified approval process pilot scheme	02-Oct-17
45	Terms and reference for the pilot programmes for REDD+ results-based payments	02-Oct-17
46	Risk dashboard (Component III)	01-Mar-18
47	Policy on fees	01-Mar-18
48	Non-financial risk policy (Component VI)	01-Mar-18
49	Investment risk policy (Component V)	01-Mar-18
50	Funding risk policy (Component VII)	01-Mar-18
51	General principles and indicative list of eligible costs covered under GCF fees and project management costs	01-Mar-18
52	Indigenous peoples' policy	01-Mar-18
53	Environmental and social policy	01-Mar-18
54	Arrangements for the first formal replenishment of GCF	20-Oct-18
55	Policy on the protection of whistle-blowers and witnesses	21-Dec-18
56	Procedures and guidelines of the Independent Redress Mechanism	28-Feb-19
57	Policy on restructuring and cancellation	28-Feb-19
58	Investment criteria indicators	28-Feb-19
59	Standards for the implementation of the anti-money laundering and countering the financing of terrorism policy	08-Jul-19
60	Compliance risk policy (Component VIII)	08-Jul-19
61	Procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted	08-Jul-19
62	Policy on ethics and conflicts of interest for active observers of the Green Climate Fund	08-Jul-19
63	Policy on prohibited practices	08-Jul-19
64	Policy on co-financing	14-Nov-19
65	Gender action plan	14-Nov-19
66	Policy for the contributions to the Green Climate Fund for the first replenishment	14-Nov-19
67	Gender policy	14-Nov-19
68	Updated strategic plan for the Green Climate Fund 2020-2023	13-Nov-20
69	Initial investment framework	13-Nov-20
70	Evaluation policy for the GCF	04-May-21
71	Revised policy on the prevention and protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment	11-May-21
72	Administrative remedies and exclusion policy	12-May-21