

CSO UPDATE: GCF BOARD MEETING 25

12 MARCH 2020 | GENEVA, SWITZERLAND



Day 3 of B25 started at lunch time. Because of escalating cases of COVID-19 in Geneva, and travel restriction announcements of several countries, there were news that some of the Board Members already left and that the Board had difficulty achieving quorum, hence the late start. Our CSO colleagues who were still in Geneva also reported that most of the sessions were done in closed-doors, and no webcast was available.

The decision for **FP126** (deferred from Day 2) was the first item on the agenda. After consultations with board members and with the opposing BM from the US, the co-chairs reported that consensus has still not been reached. According to the co-chairs, the alternate BM from US had to go back home early because of COVID-19 related travel restrictions, but further remote consultations were done, and they confirmed that the opposition to the approval of FP126 still holds. After exhausting all measures to reach consensus, the co-chairs resorted to voting.

Before proceeding, the co-chairs noted the Board seats where the BM and the alternate BM are absent (i.e. BM from US and alternate, BM from Saudi Arabi and alternate). After casting the votes, the co-chairs noted that all BMs are in favor of approving FP126.

The Board also discussed **Matters Related to the Independent Technical Advisory Panel (ITAP)**, in which the document presented the current operational procedures of ITAP, and the Secretariat recommendations to increase number of ITAP members given that FPs will also increase in the coming years. The Secretariat also noted that a bigger group of experts could improve the diversity of views in the panel, but may entail increase in budget of about 33% to 67%. The said budget increase proposal were done in consultations prior to B25 with the Board Investment Committee.

Many members of the Board were supportive of the role of the ITAP and the need to increase its numbers and expand its members to include experts that have specialization on important issues (i.e. gender, indigenous peoples). BM from Japan even suggested to have a roster of experts in the GCF result areas to compliment the work of ITAP. This was also supported by BMs from Egypt and France. Other BMs raised the fact that ITAP's lack of resource and capacity remains to be the bottleneck of approving funding proposals, hence the recommendations set should be urgently adopted.

Our CSO intervention, delivered by Eileen Cunningham, were similar to the concerns of some BMs. While we agree with the need to enhance the diversity of the roster of experts of the ITAP, we believe that the social inclusion and gender dimensions of previous project proposals were not evaluated in a satisfactory manner, and therefore we urged the ITAP to put equal importance on the social and gender factors in its assessments as it does to other factors.

In contrast, BM from Liberia was the only one not ready to adopt the agenda item as he felt there needs to be more clarity in terms of approving the budget for the ITAP operations. He recalled that in B24, the GCF 2020 budget was already approved and there was no mention of such proposed budget increase for ITAP. Although he supported the need to increase the capacity of ITAP, he asked the Secretariat to clarify the process.

The Secretariat responded and explained that the budget misalignment is due to the fact that ITAP functions for 2020 and beyond are based on the outcome of the replenishment. Yannick Glemarec, Executive Director of the GCF, they had to wait for end of October last year to determine the workload of ITAP and propose such

changes. After clarifications and offline consultations, the decision to increase ITAP's budget and capacity was adopted by the Board.

The Board had a lot of back and forths with approving the **Accreditation Proposals**. BMs from Sweden and UK remained firm with their position to defer the item to decisions in-between Board Meetings as they believed they need to do their due diligence of examining the accreditation applications thoroughly.

Developing country BMs had a different take. They emphasized that the 2 applicants can be easily approved since both are small entities that are requesting for direct access. BM from Liberia even urged the board be flexible on the matter of delays in document circulation because of special circumstances brought by COVID-19. BM from Tanzania reminded that the entities have gone through a thorough process with the secretariat and the accreditation panel, and that it would be unfortunate if their efforts will be put into waste just because the documents were not circulated 21 days prior to B25. Other developing country BMs raised that deferring the item to B26 also means delaying the process for vulnerable countries that are rightfully owners of the Fund.

The Secretariat apologized for the delay and clarified that it was not the co-chairs' decision to delay the circulation of the documents but it was really because of the circumstances brought by SEAH policy. The Accreditation Panel had to wait for the finalization of the SEAH policy and use it as one of the standards for the accreditation applications.

However, the BMs from developed countries were not convinced. BM from Sweden laid down the benefits of taking the matter in-between BM decisions, while BM from UK emphasized how it is important for him, as a representative of a government that is an investor to the Fund, to perform his due diligence.

After a number of coffee breaks and constituency meetings, the co-chairs proposed to partially adopt the decision text, and defer some of it to *decision in between meetings, on a no objection basis, within a period of 14 days*. The adopted items are those regarding the change of name of APL090 to National Committee for Sub-National Democratic Development (NCDD). While those that were deferred are below:

- 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 097 (APL097) is the Bhutan Trust Fund for Environmental Conservation (BT FEC) based in Bhutan, as contained in annex III; and (ii) Applicant 098 (APL098) is the Trade and Development Bank of Mongolia (TDB Mongolia) based Mongolia, as contained in annex IV;*
- b) *Approves the accreditation of applicants APL097 and APL098, pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants and completion of Stage III of the accreditation by having an effective accreditation master agreement, in accordance with decision B.23/11;*
- 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) Palli Karma-Sahayak Foundation (PKSF), as contained in annex V;*
- d) *Agrees to upgrade the accreditation type of the Palli Karma-Sahayak Foundation as contained in decision B.10/06, paragraph (c), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex V*

In B18, the Secretariat was requested by the Board to **Review the Simplified Approval Process** (SAP) once the trigger amount of USD80 million for SAP projects is met. The SAP is a new approach that is aimed at simplifying and streamlining approval of small scale projects, particularly those that are low-no risk funding proposals. For this Board Meeting, the Secretariat was requested to present the results of the review, as well

as the recommendations to the Board on the improvement in the efficiency and effectiveness of SAP and on the potential expansion of SAP activities.

The Review showed that there is a strong demand for SAP, especially among DAEs. While FPs via SAP is supposed to be more streamlined and will have a shorter processing time, it was not perceived as different from the regular proposal approval process in terms of timelines, reviews and paperwork. The document recommended the Board to:

- expand activities that will involve limited environmental and social risks
- approve SAP FPs in-between Board Meetings
- delegate the Secretariat the authority to approve SAP projects
- use dedicated independent expert consultants in lieu of ITAP
- increase Secretariat capacity of technical reviews for SAP
- strengthen technical support to DAEs with closer alignment to PPF and Readiness Activities
- expand knowledge products on SAP

There were minimal comments from the Board particularly on the geographical distribution of SAP projects and how it seemed concentrated mostly in Africa. BM from Ecuador raised this concern and cited that such geographical prioritization is not aligned with the Governing Instrument and the provisions of the Paris Agreement. Some BMs on the other, were supportive of the recommendations, while some added that the SAP needs to remain simplified.

Our CSO Intervention was delivered by Eileen Cunningham -- we urged the Secretariat to ensure information disclosure in the SAP proposals, and provide adequate mechanism for stakeholder input in all SAP processes. We also reminded the Board how the SAP should be limited to projects that have minimal environmental and social risks (should not go beyond Category C) and how the private sector should not get involved.

Because the item is an information document, the Board was requested to take note of the review and adopt the further development of SAP for board consideration at B26.

Because Day 3 started late and the Board took a while discussing other matters (i.e. COVID-19), there were a number of items that were adopted easily and deferred to the next Board Meeting. These are the:

1. **Updated Strategic Plan** – because there was not enough time for consultations and offline discussions, the Board decided to defer this matter to B26. No significant progress were made for this item at this Board Meeting.
2. **FP104 deadline extension** – the decision to extend the deadline of meeting the requirements for Nigeria Solar IPP Support Program was adopted. The new deadline set is 21 August 2020. Secretariat was also requested to provide status update in B26.
3. **Matters related to FP027** – document was circulated only among Board Members and discussions were mostly done in executive sessions, but the co-chairs confirmed that this item was adopted.

On Dates and Venue of the next Board Meeting -- the Board agreed to hold B26 as scheduled on 23-25 June 2020. However, in light of the COVID-19 Pandemic, the Secretariat was asked to regularly share information about possible venue and/or mechanisms that can be used to hold virtual meetings. The Board would use these information as basis for deciding how to proceed with B26. This decision is expected to be included in their long list of "decisions in-between Board Meetings."