

CSO UPDATE: GCF BOARD MEETING 26



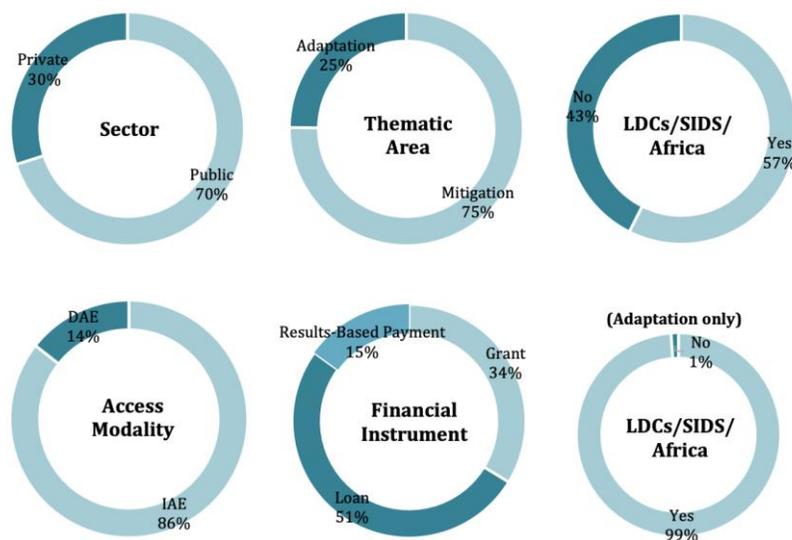
18 - 21 AUGUST 2020 | ONLINE

On the second day of B26, the Board discussed only one agenda item – **The Consideration of Funding Proposals (FPs)**. A total of 15 projects were submitted to the Board for approval, which will need a total of USD 878.6 million of GCF Funding.

Prior to B26, the Secretariat submitted a total of 24 FPs to the Independent Technical Advisory Panel (ITAP) of the GCF. However, 7 FPs did not meet the requirements and 2 FPs were deferred to B27 due to internal changes in the Accredited Entities' priority programmes. Of the 15 FPs presented to the Board, 75% is categorized as mitigation projects amounting to USD 660.6 million, while 25% for adaptation amounting to USD 218.1 million. Only 3 projects are coming from Direct Access Entities (DAEs), and the rest are from International Access Entities (IAEs), led by EBRD requesting for the biggest amount of USD 258 million for a single project (FP140).

In terms of financial instruments, 51% of this batch will be providing finance in the form of Loans, while 34% are in the form of grants and 15% via results based payments. Priority is given to vulnerable countries in Africa, LDCs and SIDS at 57% of the total requested GCF funding amount.

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) ^a



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

In terms of results areas, "Forestry and Land Use" will receive the biggest funding at 33% (USD 288 million), followed by "Buildings, Cities and Industries" at 27% (USD 236 million).

After hearing the overview presentation of the Secretariat, the Board commented on how this batch of FPs are skewed to favor IAEs over DAEs, and mitigation over adaptation projects. They urged the

Secretariat to address gaps related to the submission of FPs as well as capacitating DAEs so they too can access the Fund. Most developed country BMs were happy to see more projects coming up under the “Forest and Land Use” result area, and some of them urged the Board to take advantage of the momentum on REDD+ projects and commence the review of REDD+ pilot scheme so that the GCF can increase its portfolio on the results based payment scheme. They also noted the low number of proposals from the private sector, and BM from Sweden and Germany added the need to explore other financial instruments, which the private sector can offer.

Developing country BMs focused on the stark imbalance of projects presented. BM from Sudan compared the Fund’s current portfolio with the one during the IRM period, which maintained a 50-50 balance between mitigation and adaptation projects. He urged the Secretariat to do better in screening the FPs, and asked the Board to target the increase of funding support for adaptation projects as more and more communities are needing the climate finance now. BM from Liberia went into the Fund’s tendency to favor IAEs over DAEs and the fact that only few IAEs are getting the chunk of GCF money. He also pointed out the issues around fund disbursements and added that the FPs approved will be nothing if money does not reach the rightful recipients.

Eileen Cunningham, our Active Observer (AO) from developing country CSOs, echoed the concerns of developing country BMs. She conveyed our concerns regarding two IAEs (UNDP and EBRD) getting more than a third of GCF money (USD 6.2 billion combined if their FPs are approved), and the fact that if this batch of FPs are all approved, EBRD will be receiving more GCF funding than all of the approved DAE projects combined. We also raised our issues on why this batch are predominantly in the form of loans and urged the Fund to use more grant financing especially in light of the increased economic burden and constrained fiscal space of many recipient countries caused by the COVID-19 pandemic. We also flagged the 2 REDD+ projects being considered at the board meeting and enumerated the flaws of the Fund’s REDD+ pilot program approach as manifested in the FPs. We reiterated our call to revisit the pilot program and halt the approval of any projects under it without the thorough review.

As with previous Board Meetings, the Board discussed each of the 15 Funding Proposals, with the co-chairs eliciting comments from Board Members and Active Observers of Civil Society. In the past, our interventions are heard before the Board decides to approve a Funding Proposal. However, at this Board Meeting, they called our Active Observers last, and most of the time after they have made a decision.

Of the 15 FPs, 3 funding proposals (FP134, FP139 and FP140) were suspended to allow further consultation among BMs. The rest were approved. Below is the summary of the discussions and decisions for each Funding Proposal:

Summary of FP discussion	Status
<p>SAP014: Forest resilience of Armenia, enhancing adaptation and rural green growth via mitigation Country: Armenia AE: FAO Theme: Cross-cutting Total financing: USD18.7 million Total GCF funding: USD10 million in grant</p> <p><i>No comments from the Board and observers.</i></p>	<p>APPROVED</p>

<p>SAP015: Promoting zero-deforestation cocoa production for reducing emissions in Cote d' Ivoire Country: Cote d' Ivoire AE: FAO Theme: Mitigation Total financing: USD11.754 million Total GCF Funding: USD10 million in grant</p> <p><i>No comments from the Board and observers.</i></p>	APPROVED
<p>SAP016: Fiji Agrophotovoltaic Project in Ovalau Country: Fiji AE: Fiji Development Bank (FDC) Theme: Mitigation Total financing: USD1 million Total GCF funding: USD3.9 million in loans, USD1.1 million in grants</p> <p><i>No comments from the Board and observers.</i></p>	APPROVED
<p>FP129: Afghanistan Rural Energy Market Transformation Initiative – Strengthening Resilience of Livelihoods through Sustainable Energy Access</p> <p>Country: Afghanistan AE: UNDP Theme: Mitigation Total financing: USD21.39 million Total GCF funding: USD 17.19 million in grant</p> <p><i>BM from Germany in her intervention welcomed the first FP for Afghanistan, an LDC country. However, she made several suggestions to improve the FP which includes submitting further analysis that incorporates best practices of similar projects especially taking into account the sustainability and maintenance of the mini-grids. She added that roles and responsibilities of key actors in communities should be defined, and that the project should be coherent and compatible with the incentives provided to the private sector. She requested to incorporate these suggestions to the operation manual prior to the second disbursement of the GCF financing.</i></p> <p><i>Because of this intervention, the co-chair suggested to suspend the item to allow discussions with the AE offline. This prompted BMs from Liberia, Iran and Saudi Arabia to disagree and insist that there was no objection or opposition from the members of the Board, therefore the Board can proceed with the approval of the project.</i></p> <p><i>Many developed country BMs reminded the opposing board members about the value of integrating concrete suggestions first before they can proceed with the decision. This led the co-chair to suspend the item for an hour and allow consultations between UNDP and Germany.</i></p> <p><i>After an hour, UNDP was asked to present the revised operations manual, which added several conditions and indicative plans that are aligned with the proposals raised by BM from Germany. The Board asked the Secretariat for verification if these conditions will add any additional burden to the recipient country, and the Secretariat confirmed that there will be none.</i></p> <p><i>The Board then decided to approved the Funding Proposal.</i></p>	APPROVED

<p>FP130: Indonesia REDD+ RBP for 2014-2016 Country: Indonesia AE: UNDP Theme: Mitigation GCF Contribution in RBP: USD 103 million</p> <p><i>BMs from Norway and Japan were happy to see this project as both countries have provided multilateral support to Indonesia on REDD+ projects, and expressed the further coordination and synergies with the GCF on this project.</i></p> <p><i>For Civil Society, Erika Lennon, AO from developed country CSOs pointed out that this is one of the projects that we had serious issues both on the process and content. We raised our objection and urged not to approve the project on the basis of the following:</i></p> <ol style="list-style-type: none"> <i>1. Questionable validity and calculation of the Forest Reference Emissions Level (FREL)</i> <i>2. Non-compliance with Cancun safeguard measures, which not only undermine the protection of forests, but also do not honor the rights of Indigenous Peoples, particularly the Adat community.</i> <i>3. Gender Action Plan that should have higher target percentages</i> <p><i>BM from Switzerland echoed some of the points raised by Erika and urged the Board to closely look at issues around mapping of land use change, overestimation of FREL emissions when the Board reviews the REDD+ pilot programme.</i></p> <p><i>UNDP was asked to respond to the questions raised, and basically they said they have already provided the documents to the Secretariat showing detailed information about the validity of FREL and how it is aligned with the standards set in the UNFCCC. They also said that the UNDP's Environment and Social Management Framework (ESMF) have indicated measures to address the safeguards issues as well as the recognition to the FPIC for Indigenous Peoples. These submitted documents that the UNDP referred to have not been shared to observers.</i></p>	<p>APPROVED</p>
<p>FP131: Improving Climate Resilience of Vulnerable Communities and Ecosystems in the GRB in Nepal Country: Nepal AE: IUCN Theme: Cross-cutting Total financing: USD31.7 million GCF funding: USD27.4 million</p> <p><i>There were no major comments from the Board, hence the easy approval of the FP. The co-chair then decided to call Eileen Cunningham, to deliver our CSO Intervention. While we welcomed the FP, we raised our concerns on the FP's compliance with the GCF's Indigenous Peoples Policy, including the definition of FPIC, the processes conducted for stakeholder engagement, among others.</i></p>	<p>APPROVED</p>
<p>FP132: Enabling Implementation of Forest Sector Reform in Georgia to Reduce GHG Emissions from Forest Degradation Country: Georgia AE: GIZ Theme: Mitigation Total financing: Euro177.7 million</p>	<p>APPROVED</p>

<p>GCF financing: Euro 32.8million in grant</p> <p><i>No comments from the Board and observers.</i></p>	
<p>FP133: Resilience to Hurricanes in the building sector of Antigua and Barbuda Country: Antigua and Barbuda AE: A&B acting through Dept. of Environment Theme: Adaptation Total financing: USD46.2 million Total GCF funding: USD32.7 million in grant</p> <p><i>No comments from the Board and observers.</i></p>	APPROVED
<p>FP134: Colombia RBP for results period 2015-2016 Country: Colombia AE: FAO Theme: Mitigation Total GCF contribution (RBP): USD 28.2 million</p> <p><i>The co-chair from Canada explained that this Funding Proposal received opposing views from BMs and that there are serious concerns raised during the technical session that are still being discussed among some BMs and the AE. Anticipating it will prompt an extensive discussion, the co-chair suggested to suspend the approval of the FP and move on to the next one, to which the Board approved.</i></p>	DELIBERATION SUSPENDED FOR LATER
<p>FP135: Ecosystem-based Adaptation in the Indian Ocean Countries: Comoros, Madagascar, Seychelles, Mauritius AE: AFD Theme: Adaptation Total financing: USD49.2 million Total GCF funding: USD38 million in grant</p> <p><i>No comments from the Board and observers.</i></p>	APPROVED
<p>FP136: Resilient Landscapes and Livelihoods Project Country: Ethiopia AE: World Bank Theme: Cross-cutting Total financing: USD269.24 million Total GCF funding: USD58.05 million in grant, USD107.7 million in loans</p> <p><i>There were no major comments except the points made by Civil Society delivered by Erika Lennon, our Active Observer from developed country CSOs. As with many FPs presented at this Board meeting we noted the lack of full compliance of the FP with the GCF Indigenous Peoples Policy, particularly on how the World Bank obtained Free Prior Informed Consent (FPIC) from the indigenous peoples who are going to be affected by the project.</i></p> <p><i>Our intervention was supported by BM from Italy and urged the World Bank to provide assurances that it will follow the Fund's IP Policy. The World Bank's response was that it is following their own IP Policy and that consultations were done as indicated in the Funding Proposal, and added that they will continue working with key stakeholders and implement better standards that are aligned with the Fund.</i></p>	APPROVED

<p><i>After hearing no further comments from the Board, FP136 was approved.</i></p>	
<p>FP 137: Ghana Shea Landscape Emissions Reduction Project Country: Ghana AE: UNDP Theme: Cross-cutting Total financing: USD54.55 million GCF funding: USD30.1 million in grant</p> <p><i>The FP was easily approved by the Board. It is unfortunate that our CSO AO, Eileen Cunningham was only allowed to speak after the approval of the project. We believe this undermines our voices and participation in the Board processes.</i></p> <p><i>In our intervention, we expressed support for the approval of the FP but we also noted how stakeholder consultation followed a top-down approach that may have overlooked valuable inputs from the communities on the ground. We are concerned that the GCF will be investing in supporting public-private partnerships to advance the shea industry in which the revenues accruing to communities are very low compared to those of private companies profiting.</i></p> <p><i>We also expressed our concern that the project proposal does not sufficiently communicate actions that will support communities' livelihoods in the period before maturing of plantations and fruiting of shea trees, which takes 7 years. This has the potential to negatively impact communities' responsiveness to proposed sustainability interventions.</i></p>	<p>APPROVED</p>
<p>FP138: ASER Solar Rural Electrification Project Country: Senegal AE: BOAD Theme: Total financing: EUR198.7 million Total GCF funding: EUR1.8 million in grant, EUR 73.6 million in loans</p> <p><i>BM from Tanzania expressed his full support for the project and said the beneficiaries of the FP will not only be the people in Senegal, but also the communities of neighboring countries.</i></p> <p><i>His comment was followed by the intervention delivered by Erika Lennon, our AO from developed country CSOs. While we support the project, the civil society deem the allocated budget of EUR 400,000 in grants under the subsidized voucher system (or only 0.2 percent of the entire project budget) is too little. We urged the AE to:</i></p> <ul style="list-style-type: none"> - <i>provide more grant financing for gender and social service connections, with a positive prioritization of women micro-entrepreneurs and service providers</i> - <i>ensure that the concessionality of finance provided through the micro finance institutions guarantee scheme is fully passed on to the micro-credit takers, with more than half of these micro-credits benefitting women micro-entrepreneurs and women service providers</i> - <i>develop the project-specific gender action plan with focus on building gender capacity and providing support for in-house gender expertise at ASER, the executive entity, instead of outsourcing its implementation to a consulting firm</i> 	<p>APPROVED</p>

<p><i>Hearing no additional comments from the Board, FP 138 was approved.</i></p>	
<p>FP139: Building Resilience in the face of climate change within traditional rain-fed agricultural and pastoral systems in Sudan Country: Sudan AE: UNDP Theme: Adaptation Total financing: USD41.2 million Total GCF funding: USD25.6 million in grant</p> <p><i>Immediately after the project was presented, the BM from US raised his opposition to the project in accordance with the US' congressional mandate not to finance "state-sponsored supporter of terrorism." Based on US' legislation, Sudan is classified as a supporter of terrorism. He furthered that because of his opposition, the Board will not arrive at consensus for the approval of the project.</i></p> <p><i>His comments prompted the rest of the Board to express their support for the FP. BMs from developed and developing country constituencies said they want to approve the FP and that Sudan, an LDC country, is eligible to receive GCF funding. BM from Switzerland raised concerns about how project sites scattered in the whole country, which could be challenging for implementation, but in the end he wants the FP approved.</i></p> <p><i>BM from Saudi Arabia was obviously irked by the US' intervention and corrected his statement about not achieving consensus. BM from Iran and Egypt, in defense of the FP, urged the Board to look at the project based on its merits and its foreseeable impact to vulnerable communities.</i></p> <p><i>Because the Board has not reached consensus, the co-chair suspended the approval of the FP and said further consultations will be done between the AE and the opposing BM.</i></p>	<p>DELIBERATION SUSPENDED FOR LATER</p>
<p>FP140: EBRD High Impact Programme for the Corporate Sector Countries; Armenia, Jordan, Kazakhstan, Morocco, Serbia, Tunisia and Uzbekistan AE: EBRD Theme: Mitigation Total financing: USD1 billion Total GCF funding: USD176.75 million in senior loans, USD75.75 million sub loans, USD5.53 million in grants</p> <p><i>BM from Sweden expressed his support for the project, however due to its size he raised concerns regarding the sufficiency of the monitoring and evaluation of emissions reductions. He then asked the Secretariat to add another layer of assurance for verification of the emissions reductions results in the FP's FAA as stated below:</i></p> <p><i>"The Accredited Entity shall, following requests by the GCF and at the GCF's cost, provide to the GCF two additional evaluations with focus on verifying the greenhouse gas emissions reduction results in relation to each sub-project under component 2 of the Funded Activity. Such evaluations shall be carried out by an independent entity during the Funded Activity's lifetime, and will be conducted at or around the end of year 7 and year 9 from the effectiveness of the FAA, and their results shall be made available to the GCF upon their completion. The Terms of Reference for such evaluations shall be mutually agreed between the GCF Secretariat and the EBRD, and made available to the Board upon request."</i></p>	<p>DELIBERATION SUSPENDED FOR LATER</p>

Some developing country BMs said they were not ready to approve the FP. BM from Tanzania pointed out the statement on the first page of the FP saying the FP is not a priority under the country programme of the recipient countries, thereby discounting the value of country ownership. BM from Saudi Arabia on the other hand said he will object with the approval until issues with the GCF programmatic approach is addressed.

For Civil Society, this FP is one of those we do not recommend to get approved. In our intervention delivered by Erika Lennon, we noted the lack of adequate consultation done with civil society before the sub-projects are approved. We also oppose the inclusion in component 2 of an "accelerated milestone" that would allow a corporation to seek more concessional lending on the basis of upfront buying, trading and retiring of carbon credits. Also, while the proposal states that the extraction of fossil fuels is excluded from the scope of possible funding support to mining companies, there is no safeguard to ensure that companies where human rights issues or labor violations (related to other activities of the company) are pending are excluded as potential partners. Such an exclusion based upon due diligence checks should be included in the eligibility criteria for potential corporate partners.

Due to lack of consensus, the co-chair decided to suspend the approval of this FP.

*For full text of CSO Active Observer interventions, please go to:

https://docs.google.com/document/d/1xLmf542plZnRSW7Qt94Fjw7zUheKNI4iygt_cIhikGM/edit?usp=sharing

To watch the GCF B26 proceedings live, go to

<https://www.greenclimate.fund/boardroom/meeting/b26#videos>. Meeting will run from 9PM – 1AM Korea time.