

CSO UPDATE: GCF BOARD MEETING 26



18 - 21 AUGUST 2020 | ONLINE

The Board Members started Day 3 discussing the pending items under the agenda item **Consideration of Funding Proposals**. For B26, two FPs – FP114 in Ghana and FP122 in Tanzania, South Africa, Madagascar and Mozambique – requested for an extension of deadline in fulfilling the conditions set in the Funded Activity Agreement (FAA). One of the major reasons for the request is that both FPs are facing coordination challenges due to the Covid-19 pandemic. While there was no contention and the Board easily approved the requests, BM from Tanzania reminded the Secretariat that the extension of deadline means a longer period before the project beneficiaries receive the GCF support they deserve. Amid the circumstances, he urged the Secretariat to expedite the process and ensure that the AEs comply with the new deadline set.

The Board then proceeded to discussing the remaining FPs that were not approved from Day 2. Below is the summary of the discussions for each:

<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>During the deliberations in Day 2, BM from Switzerland raised concerns regarding the project sites and the potential management problems that may be encountered by the FP. As a response, UNDP presented additional covenants to the FAA which states:</i> <i>"The accredited entity shall:</i></p> <ul style="list-style-type: none"><i>a. Provision of inception report and updated comprehensive conflict situation analysis which shall include a community-level governance review to assess the different interest groups, community level resource control, decision-making and traditional conflict management and resolution mechanisms in a form and substance satisfactory to the GCF Secretariat</i><i>b. Provision of a review, together with Independent Interim Evaluation Report, of the modalities put in place in respect of the operation and maintenance of the water infrastructure constructed or rehabilitated and the national and state level coordination and governance arrangements for the Project."</i> <p><i>The additional covenant was confirmed by the Secretariat to be satisfactory and will not add additional burden to the project recipients.</i></p> <p><i>However, after offline consultations with the co-chairs, the BM from US remained not to join the consensus in approving the project. This prompted the Board to make a decision using a voting procedure, that was facilitated by the GCF Executive Director. The BMs, including the co-chairs, were called one by one to state whether or not they are in favor of</i></p>	<p>APPROVED</p>
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<p><i>the approval of the funding proposal. So far, it was only US who was against it, and with that FP139 was approved.</i></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 Saudi Arabia raised the difficulty of conducting consultations virtually to resolve the issues he raised in Day 2 for this Funding Proposal. He added that the FP is a big one and since the Board has not yet finalized its Programmatic Approach, it will be difficult to give EBRD the green light to implement the project. BM from Tanzania also wanted further clarification from the Secretariat regarding the FP’s alignment with the countries’ country programming, to which the Secretariat responded by saying they have conducted a stringent process together with the ITAP and confirmed that the FP is aligned with the countries’ climate priorities. The Secretariat added that all NDAs were consulted and that a detailed stakeholder engagement plan for multiple countries were submitted. They furthered that the FP fosters a knowledge sharing environment that could potentially tap the private sector.</i></p> <p><i>BM from Tanzania was not convinced and raised the lack of the country ownership component as the accredited entity, EBRD, has a number of FPs approved already and will be receiving a significant portion of GCF Funding compared to other entities, especially DAEs. He added that approving this FP will also make the portfolio imbalance more skewed towards mitigation than it already is. He requested the Board to study the FP further and defer the decision until Day 4.</i></p> <p><i>Taking note of the request, the co-chair agreed and decided to postpone the decision on the last day of B26.</i></p>	<p>DELIBERATION SUSPENDED FOR LATER</p>
<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 explained that the consultations are still ongoing and the FP is not yet ready for approval until the last day of B26.</i></p>	<p>DELIBERATION SUSPENDED FOR LATER</p>

The discussion was followed by the agenda item **Consideration of Accreditation Proposals**. For this Board Meeting, there are 3 accreditation applicants that were submitted to the Board – 1 DAE, 2 IAEs and 1 IAE seeking for status upgrade.

Of the International Access Entity applicants, one of them is the Sumitomo Mitsui Banking Corporation (SMBC), the third largest coal financier in the world. In the past year, climate justice groups and communities impacted by its coal projects have campaigned and called for its total exit from coal. As soon as civil society heard that SMBC is planning to get accredited to the GCF, APMD together with more than 290 organizations from across the globe, mounted a campaign that included

an Letter to the GCF Board not to accredit SMBC signed by more than 290 organizations in 69 countries. The campaign also included email barrage and online petitions via the APMDD and 350.org websites. A Letter was also sent to the Board of SMBC. Copies of the letters as well as briefing papers on SMBC's dirty track record are available here: <https://endfossilfuelsasia.net/fossil-free-gcf>. The messages were also sent via various social media platforms and a twittersorm and tagged the accounts of the GCF, its Executive Director, Heads of Independent Units as well as several Board Members.

Our efforts paid off when the Secretariat announced in the beginning of their presentation that APL100 SMBC is deferring its application so it can improve its application proposal based on concerns raised!



After the announcement, the Board was requested to approve the following:

- APL099 La Banque Agricole (LBA) – DAE from Senegal
- APL101 United Nations Industrial Development Organization (UNIDO) – IAE
- Upgrade: Pegasus Capital Advisors, L.P. (PCA)

The Secretariat also presented the Accreditation Status of the Fund as of 20 August 2020, with a total of 118 accreditation applications in the pipeline. They shared that so far, 37 DAE applicants have received pre-accreditation support in the form of virtual meetings in order to deepen their engagement with their respective NDAs and enhance their technical capacities for proposal development. Readiness grants were also disbursed for their capacity building initiatives.

The responses from the Board were focused more on the report of the Secretariat and not so much about the applications. Many developing country BMs were not happy to see only one DAE application for this meeting and recalled how the GCF continues to struggle in ensuring direct access to the Fund. BMs from Liberia, Tanzania and Egypt wanted to understand the specific reasons behind this perennial problem, to which the Secretariat explained that a myriad of factors are to be considered. Apart from the stringent process that the DAEs find it difficult to meet and that the Secretariat is trying to address by providing readiness support, many of the applications were halted because of the Covid-19 pandemic. Site visits that are important to ensuring GCF standards and policies are met, were postponed to next year.

In contrast, developed country BMs came in defense of the Secretariat by saying that the numbers actually show that the Fund is dominated by DAEs. They recognized the efforts done to capacitate DAEs, provide them support and establish strong engagement with the GCF Secretariat. They also acknowledge the concerns raised by the developing country BMs and committed to discussing the direct access challenge further. BM from Sweden submitted specific proposals and urged the Board to hold an informal session post B26 to deepen the discussion. His proposal was agreed upon by most BMs, including developing country BMs.

However, BM from Tanzania clarified that the points made by developing country BMs regarding direct access is not really just about establishing the access to the Fund. He said that while the majority of the accredited entities are DAEs, the amount of funding that are accessed by these entities are nothing compared to the amount of funding received by and number of funding proposals approved coming from IAEs. And this is happening in the context of a very limited number of GCF resources. He urged the Board to think about that, to which the BM from Egypt echoed and reminded the Board to go beyond taking note of the problem, and work on proposing concrete measures to address the problem.

Taking note of the points raised, including the proposal to have an informal session on direct access, the co-chair presented the decision text and the Board adopted the Accreditation Proposals.

It was only then that our AO from developing country CSO, Eileen Cunningham was asked to deliver her intervention. This was the third time that co-chair Nauman Bhati did this to our AOs.

Our CSO intervention echoed the concerns raised on increasing the number of DAEs. We also urged the GCF to assess the portfolio shift of AEs in line with the GCF's objectives, the Secretariat to publicly release the Accreditation Panel's reaccreditation assessment, and the Board to reconsider the upgrade of Pegasus Capital Advisors (PCA) because it has not submitted any funding proposal yet.

More debates among BMs followed under the agenda item **Readiness and Preparatory Support Programme (RPSP)**. The Secretariat presented its 2019 Annual Report and asked the Board to approve its Work Programme and Budget for 2020-2021.

In the report, it shows that there have been 388 readiness support for 139 countries that are already approved, which amounts to a total of USD263 million. Of the total amount, USD118 million has been disbursed thus far. The Secretariat also noted that the approval process of readiness requests improved by 54% and processing time of disbursement have relatively shorter days. They added that despite challenges in implementation, more nominations of DAEs came in, and many of the DAE work programmes are being prepared.

As for the 2020-2021 Work Programme and budget, the RPSP is asking for a total of USD224.23 million, with USD22.77 million committed in the months of January to May 2020, and the remaining commitment authority of USD39.07 million. An additional resource allocation of USD162.39 million is now requested for the remainder of 2020 until year 2021.

When the Board was asked for comments, many of them were not ready to adopt the proposed decision text and approve the budget. Others were uncomfortable seeing the "green recovery" as part of the work programme and BM from Saudi Arabia reminded the secretariat that the GCF operates under the UNFCCC, the Paris Agreement and work according to the COP Guidance. So far,

the conventions has not ordered the GCF to adopt green recovery in its operations and programmes, especially at this point when the GCF remains to have very limited resources to address adaptation and mitigation needs of the developing world. BM from Finland also agreed to postpone the adoption of the item until the Updated Strategic Plan is finalized.

There are BMs that are however ready to approve the budget presented. BM from Bhutan, Belgium, and Chile raised the importance of readiness to help developing countries access the Fund especially LDCs and SIDS. BM from Germany echoed this and commended the secretariat for including in its RPSP strategic framework the need to ensure NDC commitments amid the Covid-19 pandemic. BM from Norway was also ready to support but wanted clarity as to how support for green recovery measures will be integrated.

The co-chair Sue Szabo, before asking the Board if they are ready to adopt the item, asked our AO from developed country CSO, Erika Lennon to deliver the CSO intervention. In our intervention we expressed appreciation to the Secretariat for incorporating the IEU recommendations to ensure that Country programming fully accounts for the policies of the GCF regarding gender, ESS, and indigenous peoples. However, we raised our concerns regarding the NDA's commitment to engage with stakeholders as a number of them claimed they have conducted multi-stakeholder consultations but have done only to increase political buy-in for NDCs and climate goals rather than to address stakeholders' needs. We also pointed out the need for inclusive and effective engagement during the Covid-19 pandemic and asked the Secretariat to institutionalize stakeholder engagement at the NDA level and set up an all-inclusive national coordination mechanism.

Seeing that the Board has diverse views and are not ready to approve the item, the co-chair decided to suspend the adoption of the RPSP Work Programme and Budget and commence further consultations between the secretariat and the BMs.

Two other agenda items, both are information documents, were also discussed, although quickly, in Day 3. The **Report on the Activities of the Co-chairs** received no comments and was noted by the Board. The **Guidelines on decision-making without a Board Meeting** on the other hand was supposedly for discussion but the co-chair explained that consultations are still ongoing and that both co-chairs decided to establish a Board committee who will lead the consultations and propose a decision at B27.

The co-chairs then moved the meeting to an Executive Session to discuss a topic that was not disclosed to observers. And then, they ended Day 3 with just a few pending items to sort out on its last day.

Copies of CSO interventions for Day 3 available here:

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.