

CSO UPDATE: GCF BOARD MEETING 26



18 - 21 AUGUST 2020 | ONLINE

The last day of B26 started with an Executive Session to discuss matters related to the Head of the Independent Evaluation Unit (IEU). As reported in our Day 1 update, Jo Puri of the IEU announced that B26 will be her last Board Meeting as she will be leaving the GCF soon. The Board convened a supposedly 45-minute session to discuss this, but the session lasted more than an hour.

When the livestream resumed, the Board immediately dived into the pending discussion on the **Readiness and Preparatory Support Programme** and its Work Programme and Budget for years 2020-2021. Following the consultation made with BMs who raised concerns, the Secretariat presented the results of the discussions and the proposed amendments to the text. These include the deletion of any language and paragraphs related to green recovery/green stimulus measures, rapid readiness support, the reference to the recommendation of the replenishment report, and the addition of a reference language to the UNFCCC.

Several BMs raised a procedural concern as many of them have not seen the version presented to the Board in advance. They believe the consultations and changes were done between the Secretariat and the concerned BM only (although the changes in the document were tracked), hence, the Board cannot move to a decision without looking at the changes carefully.

BM from Saudi Arabia, who was the one who proposed the changes, said it will be difficult to resolve the matter under a virtual setting and suggested to just approve the section of the budget and defer the rest of the items to B27. This was echoed by the BM from Sudan, while BM from Belize opposed the proposal and urged the Board to further discuss GCF's involvement in green resilience measures at this Board Meeting.

Other developing country BMs agreed with BM from Saudi Arabia's concern about the need to define green recovery and the implications should the GCF want to get involved. BM from China said that the GCF has always been supportive of sustainable resilient measures, but the term "greening" should be clearly defined. BM from Tanzania furthered that the move to support this "green recovery" may make the Fund shift away from its mandate, which is to support adaptation and mitigation needs of vulnerable nations.

Taking note of the concerns of the developed country BMs about seeing the revised version of the text for the first time, the co-chair decided to suspend the meeting for a few minutes for constituency meetings. Developed country BMs and developing country BMs had consultations outside of webcast to discuss the revised text and come up with proposals to the Board decision.

After a few minutes, the webcast resumed and the co-chair confirmed that the Board is ready to move forward. Changes in the decision text were presented, with additional paragraph that requests the "Secretariat to ensure the readiness support for resilient recovery efforts is fully consistent with existing mandates and decisions of the Board with respect to the Readiness and Preparatory Support Programme and follows a country-driven and country ownership principle." There was no further

discussion about the earlier proposed deletion of languages related to green recovery, as the Board agreed with BM from Saudi Arabia's proposal to only adopt the RPSP Work Programme and Budget for years 2020-2021, and leave the rest for further discussion to the next Board Meeting.

After this, the Board went back to the remaining unresolved items under the **Consideration of Funding Proposals**. Summary of discussion and status of decision by the Board below:

<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>Based on the concerns raised by BMs, the Secretariat presented proposed conditions for the approval of the FP:</i></p> <p><i>"The accredited entity shall require under the RBP Transfer Agreement and monitor that:</i></p> <ol style="list-style-type: none"><i>1. The host country will reduce emissions from deforestation in a way that reverts 3.1 million tCO₂e surplus emissions generated in the period covering years 2013 to 2017 inclusive, and demonstrates reductions of up to 20 Mio tCO₂e up until the end of the implementation period of the funded activity, in order to avoid compromising REDD+ RBP commitments or agreements in Colombia. The reverted volume will be discounted from the baseline of potential GCF REDD+ results-based payments in subsequent periods; and</i><i>2. The host country will enhance the environment integrity of results, including through increasing future accuracy of results and more ambitious measures included in the FREL and the updated NDC to be submitted to the UNFCCC, while operationalizing the RENARE as a functional, transparent and comprehensive registry system that incorporates accounting at different scales, including private sector initiatives.</i> <p><i>Satisfaction of the following condition prior to disbursement under the FAA:</i></p> <ol style="list-style-type: none"><i>1. Prior to the disbursement under the FAA, the accredited entity shall provide in form and substance satisfactory to the GCF Secretariat a definition of the condition above. This definition and implications for emission reductions shall have been made in agreement with the respective partners if such commitments or agreements within the first quarter of 2021."</i><p><i>While many of the BMs are supportive of the FP, some raised concerns, particularly BMs from Norway, Germany and UK – whose governments have an existing Green Growth partnership with Colombia. BM from Norway raised his disagreements with how the scorecards were used in the proposal and urged the Secretariat to make sure the implementation processes are aligned with the Fund's standards. BM from Germany noted the increasing deforestation activities in Colombia during the RBP period, which made her question the Secretariat and ITAP's assessment in declaring Colombia an HFLD country (high forest low deforestation). Given that the UNFCCC does not provide guidance on the application of the HFLD concept, she urged the Board to discuss in the future what constitutes the concept, specifically in the context of a wider scorecard revision. BM from UK recognized that the FP has some strengths and weaknesses, to which the Secretariat must take note and</i></p>	APPROVED
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propose to the Board an approach that will take the learnings of the project when the Board reviews the REDD+ pilot programme.

This FP is also one of the funding proposals that the CSO network have serious concerns especially in the context of conflict, violence and land disputes in Colombia. We urged the AE to establish rules that are adapted to local realities and provide special protection for indigenous communities and environmental defenders involved in the FP. We also echoed the concerns raised by BMs with regards to reversal of scorecard results and Colombia's classification as an HFLD country.

Given that no one from the Board objected the proposed revisions and conditions set for the project, the Board approved FP134.

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

Following consultations between the Secretariat, the EBRD and NDAs of the countries involved in the project, the Board was presented with textual revisions, which covers the issues around MRV (monitoring, reporting and verification), and concerns raised around country ownership and stakeholder engagement.

The AE is asked to fulfill the following conditions for the project:

"The AE shall, following requests by the GCF and the GCF's cost, provide to the GCF 2 additional evaluations with focus on verifying GHG emissions reductions 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.

Satisfaction to the GCF Secretariat of the following condition prior to the Accredited Entity submitted the first request for disbursement of GCF Proceed for financing sub-projects under the Programme:

- The AE shall deliver to the GCF an updated Stakeholder Engagement Plan, as part of its Programme management, to reflect the additional engagement that will take place periodically with the NDA and the national and local partners in each host country."*

While many BMs have serious concerns about this project, the Board approved the funding proposal and took note of the statements made mostly by developing country BMs.

BM from Saudi Arabia said that while he does not want to get in the way of reaching consensus, he expressed a very strong statement condemning the FP.

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According to him, FP140 removes the GCF from having a say in the design and implementation of the project, and only makes the Fund an investor. The control and how the project will evolve, or whether which country will be entitled for the GCF Tranche, is in the hands of the AE. He also reminded the Board that because of this FP, EBRD will now be receiving 10% of the total GCF Funding, which is way bigger than all of DAE proposals combined.

BM from Tanzania, raised a very important lesson from the approval of FP140 – that the GCF needs to finalize the Policy on Programmatic Approach. There was a resounding echo from developing country BMs to make the matter a top priority as this will set precedence for future FPs that will be submitted to the Board, and the fear that if that happens, more developing countries will be deprived of GCF money.

As soon as the agenda item on Funding Proposals were closed, the Board closed the item on the **Reports from Committees, Panels and Groups**, after noting that due to logistical concerns the accreditation committee report will not be presented at B26, but the report will be made available to the Board after the meeting.

And then, the co-chair moved to discuss the Dates and Venue for future Board Meetings, but she was interrupted by BM from Saudi Arabia, who pointed out that they skipped Agenda 13, which is about the **Review of the Multilateral Organisation Performance Assessment Network (MOPAN)**. Because of the little time left to finish B26, the co-chair suggested to allot just 15 minutes for the said agenda item, and then proceed to the Dates and Venue, which is the last item in the agenda.

At this point, BM from Saudi Arabia started questioning how the co-chairs were handling the meeting and insisted that 15 minutes for MOPAN discussion is not enough. He emphasized the importance of the topic and urged the co-chair to decide given the limited time, to just end the meeting or allot more time to discuss the very urgent matter. Quickly, the co-chair from Canada consulted her co-chair from Pakistan and they both agreed to move the MOPAN discussion to the next Board Meeting. Some BMs were also raising the fact that they needed time to look at the review, hence favoring the deferral to B27. This prompted the BM from Egypt to raise that the topic is time-sensitive and given how things are resolved by the Board, it cannot follow a business-as-usual format that may require months. BM from Saudi Arabia added the fact that given that the Board has not yet resolved the matter, the co-chairs must order the GCF Executive Director to temporarily halt participation with the MOPAN review.

After several debates that lasted more than an hour, the Board decided to defer MOPAN to B27 and conduct further consultations with Board Members after B26 on ways forward.

There was also no resolution under the agenda item **Dates and Venues of upcoming Board Meetings** as the item was not opened by the Board. As per the document shared under this item, the recommended schedule for B27 is 9-12 November 2020. The Board may adopt a decision on this item in between meetings.

Copies of CSO interventions for B26 available here:

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