CSO UPDATE: GCF BOARD MEETING 30

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APMDD
ASIAN PEOPLES' MOVEMENT ON DEBT AND DEVELOPMENT

DAY 3 - 6 October 2021

Read the full text of the interventions from the CSO Observer Network here.

On the 3rd day of B30, the Board spent more than 4 hours to discuss the agenda item **Consideration of Funding Proposals (FPs).** A total of 13 FPs were considered amounting to a total of USD 1.2 billion, and the GCF Secretariat presented an overview of the FPs and the projected GCF portfolio should all the 13 FPs be approved.

In the presentation, the GCF secretariat bared that a total of 16 FPs were submitted to the ITAP for evaluation, but 3 FPs were not endorsed. Of the 13 FPs, 61% are requested by the public sector, while 39% from the private sector. In terms of access modality, the majority are coming from International Access Entities (IAEs) at 70%, while only 30% are from DAEs. This batch also boasts 64% adaptation projects, however, in terms of financial instruments, the majority are in the form loans. Geographically, the FPs are concentrated at the Latin America and Caribbean Region (51%) and a few FPs targeting Asia and the Pacific, Africa and Eastern Europe.

If all 13 FPs are approved, the Fund will have a total of 190 FPs amounting to USD 10 billion. The GCF Secretariat believed this batch of FPs will bring the Fund closer to achieving the 50-50 Mitigation-Adaptation balance. However, the split will still be at 62% mitigation versus 38% adaptation in nominal terms, while 52% mitigation versus 48% adaptation in grant equivalent terms.

When the co-chair opened the floor for comments from Board Members, BM from Liberia raised his long standing issue against the role of the ITAP. He again questioned the ITAP's eligibility to decide on conditions and what should be considered for Board approval, instead of leaving the decision-making on which FPs will make the cut to the Board. Other BMS banked on his point and raised concerns as to how the conditions set by the ITAP often limit the fund access for the most vulnerable countries or cause delay in project implementation for some FPs. BM from South Africa furthered that compliance to conditions often lead to developing countries bearing the extra costs, and then he urged the Board to rethink about the ITAP's functions. Along these lines, BM from Saudi Arabia asked the GCF Secretariat if the conditions set by the ITAP are justified, insinuating that some conditions might be conflicting with the established policies of the Fund.

Other BMs defended the ITAP and believe the panel's function remains crucial to ensure the Fund is supporting only good quality projects. Daniel Nolasco, representing the ITAP, also responded to the concerns raised and explained that conditions are set by the Panel to raise the quality of the funding proposals, meet the standards of the Fund and ultimately align the projects to the goals of the GCF. He furthered that the ITAP does not impose conditions. The Board still has the final say on whether these conditions are to be fulfilled before any FP proceeds with the next steps. Given this exchange, the co-chair encouraged BMs with concerns regarding project conditions to raise their issues once the Board deliberates on each FP.

Developed country BMs in general are happy with the batch of FPs tabled for B30. BM from Norway believe the GCF is starting to see more quality projects and commended the ITAP and the Secretariat in making this possible. BMs from Albania and Argentina also gave positive feedback regarding the increased involvement of the private sector especially to adaptation projects. Noting the increased number of FPs geared towards addressing biodiversity, BM from Sweden registered that he wants to see more projects under this theme in the future. He also urged the Secretariat to work on requiring Conflict Analysis in the future, and work on transparency improvements by ensuring documents and project annexes are available to the general public and not among Board Members and alternates only.

In contrast, the BM from South Africa raised a very important point – that despite the increase in the number of adaptation projects, the dominant financing facility for this batch of FPs is loans. The CSOs concurred with this point in our intervention delivered by Erika Lennon, Active Observer from developed country CSOs. We reiterated that adaptation projects should never be treated as investments, and be debt-creating. Recipient communities should not be asked to pay for adapting to a climate crisis that they did not create.

Our CSO intervention also raised our concerns about country ownership and how some FPs appear to not be country-driven or aligned with GCF country programmes, but rather driven by international entities who then search for potential countries to join their projects, without guarantees that the countries will even benefit from these approaches. We also added that many of the FPs have not disclosed any information about the sub-projects despite what is required under the Environment and Social Policy (ESP) of the Fund. Stakeholder engagement remains limited for some of the FPs that have not ensured free, prior and informed consent (FPIC) with indigenous peoples and local communities. And then, we questioned how some of the FPs came up with a computation about target beneficiaries when in fact they have yet to identify the location of their sub-projects.

The Board then proceeded with deliberating the FPs one by one. Summary of discussion and status if approved or deferred or rejected is below:

Funding Proposal Information and Discussion	Status
FP169 **Climate change adaptation solutions for Local Authorities in the Federated States of Micronesia** Country: Federated States of Micronesia AE: The Pacific Community (SPC) Total Project Cost: USD 19.7 million GCF Financing: USD 16.6 million (grant) Co-financing from Government of FSM: USD 2.9 million (in kind) Co-financing from SPC: USD 202,510 (in kind) There were no comments from the Board. Our CSO Intervention, delivered by Erika Lennon, Active Observer from developed country CSOs expressed our endorsement for the approval of the project. We raised several positive points of the proposal, especially how it prioritizes locally-led adaptation and provides a bottom-up approach for climate solutions.	APPROVED

FP170 **Enhancing Climate Resilience in Thailand through Effective Water Management and Sustainable Agriculture** Country: Thailand AE: UNDP Total Project Cost: USD 33.9 million GCF Financing: USD 17.5 million (grant) Co-financing from MOAC Royal Irrigation Department: USD 16.2 million (grant and inkind) Co-financing from Krungsri Bank: USD 114,000 (in kind) BM from South Africa believed the condition set for this FP is not necessary because as verified by UNDP, the condition of submitting a feasibility assessment before implementation and a development plan for upscaling irrigation systems will still be met during the course of project implementation. BM from South Africa proposed to approve the project and modify the condition to reflect that it will be contingent on the second project fund disbursement. The co-chair then asked the Board if the said proposal is agreeable and no one from the Board responded. He took the silence or no objection as an agreement to approve the FP, and then called Wanun Permpibul, our alternate Active Observer from developing country CSOs to deliver our intervention. Wanun highlighted our concerns about the Royal Irrigation Department's role as executing entity due to its track record of supporting grey water infrastructures. Although the FP claims to have undergone extensive consultation, farmers within and especially those outside the last mile of the existing infrastructure of which waters and a variety of fish flow into mini-canals on farms, are not engaged.We urged the Board to defer the approval of this project until the issues raised are sorted out especially with the target communities that will be affected by the FP. Following our intervention, the BM from Sweden raised a point of order to the co-chair as he called Wanun AFTER the decision to approve FP170 had been made. As confirmed by the GCF General Council, observer inputs have equal importance as the inputs made by Board Members, and so it is crucial that the Board hears them out before making a decision about a Funding Proposal. This point of order was also followed by an objection from BMs from UK and US about the decision to approve FP170 with the changes in the condition as proposed by BM from South Africa. Both the UK and US clarified that they do not agree with the changes in conditions proposed and therefore cannot join consensus in approving the project. This prompted the co-chair to defer the decision for this funding proposal and asked the Secretariat to facilitate further consultations with the UNDP, BMs from UK, US and South Africa until a consensus to approve is reached.	DEFERRED for further consultations with BMs from South Africa, US and UK
FP171 **Enhancing Early Warning Systems to build greater resilience to hydro-meteorological hazards in Timor-Leste** Country: Timor-Leste AE: UNEP Total Project Cost: USD 21.7 million GCF Financing: 21 million (grant) Co-financing from government of Timor Leste: USD 0.75 million (in kind)	APPROVED

FP172 **Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions (CCS)** Country: Nepal AE: AEPC Total Project Cost: USD 49.1 million GCF Financing: 21.1 million (grant) Co-financing from AEPC: USD 21 million (grant) Co-financing from Local Governments: USD 7 million (grant) BM from Switzerland is happy to see this first project submitted by the DAE in Nepal, but he raises concerns about the project operations' alignment with national government policies and constitution mandates in Nepal. He urged the Secretariat to secure clearance with constitutional mandates for any future projects in Nepal and proposed a new condition related to this: *Condition precedent to third disbursement:* *Delivery by the AE to the Fund of an Action Plan agreed among the Federal, Provincial and Local Governments containing the actions to be taken by the different stakeholders for the adoption and operationalization of the envisaged infrastructure and/or technologies, with their relevant financing sources at local and provincial levels until completion of the project, in line with Nepal's Constitution based on the Municipal Energy Plans. For the purposes of this Action Plan, Local Governments shall be represented by the association of municipalities and rural municipalities (MuAN and NARMIN).* *Include covenant:* *The AE shall report on the progress of the Action Plan in the APRs required to be delivered subsequent to the date of delivery of the Action Plan.* In our CSO Intervention, Wanun Permpibul, our alternate Active Observer from developing country CSOs, said the FP had zero consultation with indigenous peoples and local communities and then urged AEPC to ensure compliance with the GCF IP policy and maintain a wider stakeholder engagement from various sectors, including women from local communities. The BM from the US asked the Secretariat to respond to the concerns raised by Wanun to which the Secretariat and AEPC confirmed that limited consultation was done due to the Covid-19 pandemic. Most of the stakeholder engagement was done virtually. Recognizing that a limited number of civil society was consulted, the AEPC committed to strengthen its engagement with the local communities and IP groups once the project is implemented.	APPROVED

FP173 **The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon** Country: Brazil, Colombia, Ecuador, Guyana, Peru, Suriname AE: IDB Total Project Cost: USD 589.1 million GCF Financing: 279 million (USD 137.5 million grant, UUSD 135 million loan, USD 6.5 million equity) Co-financing from IDB: USD 14 million (grant), USD 155 million (loan), USD 145 million (guarantee), USD 4 million (equity) and USD 1.4 million (in kind) The co-chair called Wanun Permpibul, our alternate Active Observer from developing country CSOs to deliver our intervention first regarding this FP. The intervention again raised our issues about compliance to the GCF IP Policy, to which this FP we believe failed to do. We urged the Board to approve this FP only if the critical conditions are agreed to and respect for the rights of Indigenous Peoples are ensured. We recommended a proper supervision of this project by third-party independent agencies should be included While BM from Saudi Arabia supports the approval of this project, he again raised the issue about conditions that potentially evoke the sovereign rights of the countries. He added that the AEs and NDAs are usually under pressure are forced to comply to these conditons regardless of they are necessary or not, because if the conditions are not met, that means there will be no GCF funding. He asked the Board if setting conditions are still necessary and pointed out that should there be problems once the approved FPs are implemented, the Fund has the Independent Redress Mechanism to receive information about potential project risks. Since there was no objection received from the Board, FP173 was approved.	APPROVED

FP174 **Ecosystem-based Adaptation to increase climate resilience in the Central American Dry Corridor and the Arid Zones of the Dominican Republic** Country: Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama AE: CABEI Total Project Cost: USD 268.3 million GCF Financing: 174.3 million (USD 84.3 grant, USD 60million loan, USD 30 million guarantee Co-financing from CABEI: USD 42.8 million (loan) Co-financing from countries: USD 51.2 million (in-kind) BM from China raised concerns, without much elaboration, as to how CABEI overlooked the national circumstances in the target recipient countries. She also questioned why this large adaptation project from public sector is offering loan facility, and then expressed her opposition to the approval of this project. Similar to the statements made by BMs from South Africa and Saudi Arabia in other FPs, the BM from Dominican Republic again mentioned the issue regarding conditions set for this FP. While he is in full support of this FP, he expressed frustration as to how some conditions might hinder access of funds or cause delay with the disbursement. The representative from CABEI affirmed that they accept the conditions set by the ITAP and that from their perspective, there will be no delays once they comply.	DEFERRED for further consultations with BM from China
FP175 **Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya** Country: Kenya AE: National Environment Management Authority (NEMA) – Total Project Cost: USD 10 million GCF Financing: 9.5 million (grant) Co-financing from NEMA: USD 0.24 million (in-kind) Co-financing from WRA: USD 0.22 million (in-kind) Co-financing from KMD: USD 0.01 million (in-kind)	APPROVED
FP176 **Hydro-agricultural development with smart agriculture practices resilient to climate change in Niger** Country: Niger AE: BOAD Total Project cost: EUR 45.5 million GCF Financing: EUR 30.1 million (EUR 24.2 million grant, EUR 5.9 million loan) Co-financing from Government of Niger: EUR 6.2 million (tax exemptions) Co-financing from BOAD: EUR 9.2 million (loan)	APPROVED

FP177 **Cooling Facility** Country: Bangladesh, El Salvador, Kenya, Malawi, North Macedonia, Panama, Sao Tome and Principe, Somalia, Sri Lanka (listed as target countries) AE: World Bank Total Project cost: USD 879.84 million GCF Financing: USD 157 million (USD 32 million grant, USD 125 million loan) CO-financing from WB: USD 563.4 million loan, USD 50million guarantee, USD 80.5 million grant Co-financing from Global Financing Facility: USD25 million grant Co-financing from health Emergency Preparedness and Response Trust Fund: USD 3 million grant Co-financing from Pandemic Emergency Facility: UUSD 0.94. million (Grant) FP1777 received an objection from Germany and France on the basis that the project will continue using substances like hydrofluorocarbons (HFCs), which are actually prohibited under the Kigali Amendment of the Montreal Protocol. Both BMs asked to suspend the item for further consultation. Our CSO intervention delivered by Erika Lennon, Active Observer of Developed Country CSOs focused on the importance of disclosing investment information packages of the sub-projects, as well as our point against having adaptation projects that are debt-creating or offer loan facilities instead of grants. Given the objections from the 2 BMs, the co-chair suspends the approval of this funding proposal.	DEFERRED for further consultations with BMs from Germany and France
FP178 **Desert to Power G5 Sahel Facility** Country: Burkina Faso, Chad, Mali, Mauritania, Niger AE: AfDB Total Project Cost: USD 966.7 million GCF Financing: USD 150 million (USD 82 million loans, USD 40 million reimbursable grants, USD 20 million guarantees, USD 8 million grants) Co-financing from AfDB and private sector): USD 816.7 million This Funding Proposal received positive feedback from the Board. The BM from Senegal requested to implement measures that will safeguard equipment and strengthen the security measures around the project facilities. BM from the US on the other hand cautioned the AfDB and urged to ensure that goods procured by the GCF for this project should follow safe supply-chain measures. The UK also reminded the AfDB to follow just and fair labor standards, while BM from China urged the accredited entity to make project evidence-based decisions based on ESS and not for political reasons. Since there was no objection registered, the Board approved FP178.	APPROVED
FP179 **Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP)** Country: Tanzania AE: CRDB Bank PLC Total Project cost: USD 200 million GCF Financing: USD 100 million (USD 70 million senior loans, USD 10 million guarantees, USD 20 million grants) Co-financing from CRDB: USD 100 million (senior loans)	APPROVED

FP180 **Global Fund for Coral Reefs Investment Window** Country: Comoros, Mozambique, Belize, Brazil, Guatemala, Mexico, Panama, Seychelles, Philippines (other countries listed, but haven't signed NOLs) AE: Pegasus Total Project Cost: USD 500 million GCF Financing: USD 125 million junior equity Co-financing from Pegasus: USD 375 million + 1% GP commitment inn Senior loans The Board debate about this funding proposal revolved around Country Ownership, as the project listed 9 country recipients without securing the No Objection Letters (NOLs) from their respective NDAs. While other BMs defended this FP, BMs from Tanzania and Liberia remained firm and argued that such procedure undermines the Country Ownership mandate of the Fund. Other BMs who came in defense of this FP clarified that the Board is asked to approve the FP only for countries that have already secured signed NOLs from their NDAs. They added, it will be unfair for those who have complied with the requirement to reject the FP altogether. BM from Argentina strongly supported the work that the Private Sector did for this FP, despite the fact that no information is shared yet about the subprojects. The Private Sector Facility responded to the issues raised and clarified that a total of 17 NOLs have been received thus far. However, AfDB is having consultations with another 9 countries whose NOLs are expected, and another 6 will also be explored. BM from Tanzania added that approving this FP with 17 countries now and then revisiting it later for the additional 9 countries will have implications with the costs and restructuring that may take place in the future. He added that approving this will be dangerous because the recipient countries have no information or idea about how much they will be receiving or whether or not they will receive anything at all. He reminded the Board that Country Ownership must ensure the projects are owned by the countries and not by the accredited entities. Therefore, laying down all these information and seeking the NDA's no objection is crucial. FP180 obviously failed to provide those. The points made by BM from Tanzania and Liberia on country ownership was also the major point in our CSO Intervention. Erika Lennon, Active Observer of Developed Country CSOs, raised our concerns about the vagueness of the eligibility criteria which can potentially help business-as-usual to grow while coral-damaging practices simply continue in parallel. We also pointed out how the lack of specificity and discrepancies about how many countries are involved also calls into question the "country ownership" of this funding proposal. Rather than being country-driven, as would be in line with the GCF's principles, this funding proposal appears to be Accredited Entity-driven, with a pre-cooked proposal sent around countries in the hope that they submit NOLs but without giving them adequate opportunities to offer local and national inputs. Due to diverging views from the Board, the co-chair decided to suspend the approval of FP180.	DEFERRED for further consultations with Liberia and Tanzania

FP181 **CRAFT - Catalytic Capital for First Private Investment Fund for Adaptation Technologies in Developing Countries** Country: Bahamas, Brazil, Colombia, India, Kenya, Malaysia, Mexico, Morocco, Rwanda, South Africa, Trinidad and Tobago AE: Pegasus Total project cost: USD 400 million GCF Financing: USD 100 million (junior equity) Co-financing from Pegasus: USD 300 million (USD 262.1 senior equity, USD 21.15 million equity, USD 16.8 million equity) FP181 is another contentious project for the CSOs. Wanun Permpibul, our alternate Active Observer from developing country CSOs, outline the many reasons why we do not support the approval of this programme, and do not think it should have been presented to the Board at this meeting. The ESS disclosure, which references only the overall Environmental and Social Management System (ESMS) is a generic document of the Lightsmith Group (the executing entity) and does not reference the CRAFT programme at all. We also noted that neither GMO technology nor fossil-fuel derived fertilizers are explicitly excluded activities as defined by the ESMS. Instead of being driven by the adaptation needs of developing countries facing a climate crisis that they did not create, FP181 seems more focused on finding new sources of profits for private investors, while proposing a funding approach that is deeply untransparent and unaccountable. There was limited reaction from the Board for this project. BM from Argentina have strongly rallied for the innovation forwarded by the Private Sector for this funding proposal. Her intervention was seconded by the Private Sector Observer, who underscored how this FP presents an opportunity to meet the urgent need to mobilize private sector capital and demand for adaptation technology. Since there was no objection raised from the Board Members, FP181 was approved.	APPROVED

The Board had an hour extension and went to re-open the discussion on the **Review of the capabilities of the GCF to deliver increased programming and implementation over 2020-2023 in line with the updated Strategic plan.**

The Secretariat presented the revised draft decision on the capabilities of the GCF to deliver the USP after the feedback they received from the Board on staff expansion and regional presence. The BM from Egypt commended the Secretariat on the adjustments made but also raised a few more suggestions on how to attune the language such that the effort to enhance geographical diversity and gender balance among Secretariat staff is unmistakable.

The Board then moved to adopt the decision text and then closed the meeting 1.5 hours after the scheduled time.

You can catch the recordings and live stream of the proceedings of the Board at:
https://www.greenclimate.fund/boardroom/meeting/b30#videos