

Southern Africa Climate Finance Partnership

Summary of the 21st Meeting of the
Green Climate Fund

04 December 2018

1 Introduction

The Green Climate Fund's (GCF's) 21st Board Meeting (B.21) took place from 17-20 October 2018 in Manama, Bahrain, with Mr Lennart Bage and Mr Paul Oquist presiding as Co-Chairs.

After B.20 saw a political deadlock, the Co-Chairs front-loaded the most time-sensitive items on the B.21 agenda, notably:

- The First Formal Replenishment (FFR) process;
- The process of selecting a new GCF Executive Director (ED), and a Trustee;
- Project proposals; and
- Applications of new accredited entities (AEs).

As a result, more contentious issues were not addressed in detail, including:

- Decision-making in the absence of consensus;
- The mandated review and update to the GCF gender policy and gender action plan;
- Approval of integrity policies; and
- Discussions on the independent analysis of the GCF Readiness Programme.

2 The First Formal Replenishment

The Board decided to launch the process for the First Formal Replenishment (FFR), and requested the Secretariat to begin making arrangements to facilitate the process, with a view to conclude it in October 2019. The most contentious issue was the role of the GCF Board in the replenishment process, and specifically whether selected representatives of the Board should have a more active role in the FFR process; it was decided that 5 developing country and 3 developed country Board Members would engage in the FFR, with the GCF Executive Director, Co-Chairs, one CSO one private sector representative, and a UNFCCC representative invited to observe the FFR.

The Board agreed to a budget for the replenishment process, and next steps for the Secretariat and Board in their support of the FFR. The Board endorsed a process by which: an open invitation would be issued to all potential contributors; and engagement of potential contributors would take place in the form of an organisational meeting, two or more replenishment consultation meetings, and a high-level pledging conference. The length of the FFR has not been confirmed.

3 Executive Director and Trustee

Following the resignation of Mr Howard Bamsey as GCF ED at B.20, the GCF has needed to fill this role with a new Executive Director. The GCF Board decided to establish an ad hoc committee for the selection of a new ED, with a view to conclude this process by B.22. Until then, the Deputy ED Mr Javier Manzareas was appointed as Executive Director ad interim.

The GCF Board approved the recommendation of its selection committee to appoint the World Bank as the GCF Trustee for a multi-year, renewable period. The World Bank has been operating as interim trustee since the GCF's inception.

4 Approving proposal and accrediting entities

At B.21, the GCF Board approved 19 new projects and programmes, in over 50 countries, with GCF investment of USD 1.038 billion, and total value of over USD 4.244 billion. Of these, seven included African countries, and these are summarised in an annex.

The DBSA Climate Finance Facility, approved at GCF B.21, marked a milestone for Southern African climate finance. With a total project investment of USD 170.6 million over 5 years, it's expected to contribute to a range of GCF results areas and UN Sustainable Development Goals, in both adaptation and mitigation. Its regional focus opens up possibilities for greater climate finance cooperation across the region, and may set a precedent for further cross-border projects and programmes in the future. The DBSA is a well-established institution, with GCF accreditation for the largest and most risky projects, across all fiduciary standards, and it is ready and willing to share learnings from its experiences with other institutions working to access GCF finance, as demonstrated by its contributions to the first SACFP Regional Learning Forum.

At B.21, the GCF Board reviewed and approved the applications of an additional 16 Accredited Entities (AEs), including 9 Direct Access AEs. At this Board meeting there were no applications from African entities. This brings the total number of GCF AEs to 75, of which 41 are Direct Access AEs. Given time pressures, the Co-Chairs decided to approve the accreditation of all 16 AEs as a package deal. This practice, while saving time, can weaken due diligence and public transparency.

5 Decisions without consensus, and between Board Meetings

The GCF Governing Instrument states that decisions of the Board will be taken by the consensus of the Board Members, and that the Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted. The Board's Rules of Procedure established a process for taking decisions between meetings on an extraordinary basis when, in the judgement of both Co-Chairs, a decision should not be postponed to the next Board Meeting. During B.21, the Board discussed guidelines to determine circumstances under which decisions without a Board Meeting may be requested.

According to the GCF Governing Instrument, consensus is required for decisions, which means that a single Board Member can block a decision. At B.21, the Co-Chairs proposed a system whereby: at least one-third of Board Members from developed or developing countries (i.e. five developed country members or five developing country members) must object in order to block a decision; and a voting system was suggested for financial contributions, similar to those used in MDBs. However, there was no agreement regarding the Co-Chairs' proposal, and questions remain on the details. The Board also attempted to approve clear guidelines for decisions without a Board Meeting – especially relevant for projects approved with conditions – but this process remains regulated under the Board's rules of procedure and reserved for limited applications.

6 Looking forward

The Board projected that, after B.21, the GCF is likely to have approximately USD1.7 billion in remaining commitment authority for the Initial Resource Mobilisation (IRM) period and in 2019. The Board adopted a workplan specifying a list of items it expects to consider during each meeting in 2019, based on the understanding that it would be reviewed and adjusted as agreed at each meeting. The GCF Board approved the work programme and budget for of the Secretariat, including its Board and Trustee, and the GCF Independent Units, for 2019. The Board requested the GCF's Independent Evaluation Unit to undertake a performance review of the GCF by June 2019, which will serve as an input to the FFR process. The Board agreed to establish a Performance Oversight Committee, to assist in managing the performance of the GCF Executive Director, and the heads of the GCF Independent Evaluation Units.

The GCF Board will meet for B.22 from 26-28 February 2019, although it has been rumoured that an informal GCF Board Meeting may take place on the sidelines of COP24. As the GCF is accountable to the UNFCCC COP, we may see recommendations from COP24 pre-emptively addressing some of the issues the GCF needs to address in 2019. Formal guidance by the COP to the GCF is on the COP 24 agenda, but there will likely be informal discussion which will inform the GCF FFR.

7 Annex: Summary of African projects and programmes approved at the Green Climate Fund's 21st Meeting of the Board

Project code	Project name	Countries	Beneficiaries	Emissions avoided (tCO2eq)	Total funding (USDm)	Proportion of co-finance	Implementation period	Accredited entity
Southern Africa								
FP095	Transforming Financial Systems for Climate	Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Ecuador, Egypt, Kenya, Madagascar, Mauritius, Morocco, Namibia, Nigeria, Senegal, South Africa, Tanzania, Togo, Uganda	1,000,000	36,000,000	742.0	63.2%	7.0 years	Agence Francaise de Developpement (AFD)
FP098	DBSA Climate Finance Facility	Lesotho, Namibia, South Africa, Eswatini	466,384	29,700,000	170.6	67.4%	5.0 years	Development Bank of Southern Africa (DBSA)
Elsewhere in Africa								
FP092	Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin	Banin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Guinea, Mali, Niger, Nigeria	14,000,000	7,000,000	209.9	67.7%	6.0 years	African Development Bank (AfDB)
FP093	Yeleen Rural Electrification Project in Burkina Faso	Burkina Faso	335,000	390,000	60.4	54.3%	6.75 years	African Development Bank (AfDB)
FP094	Ensuring Climate Resilient Water Supplies in the Comoros Islands	Comoros	1,250,000	-	60.8	31.0%	8.0 years	United Nations Development Programme (UNDP)
FP096	DRC Green Mini-Grid Program	Democratic Republic of the Congo	-	560,000	89.0	76.4%	5.0	African Development Bank (AfDB)
FP099	Climate Investor One	Burundi, Cameroon, Djibouti, Indonesia, Kenya, Madagascar, Malawi, Mongolia, Morocco, Nigeria, Uganda	-	53,700,000	821.5	87.8%	20.0 years	Netherlands Entrepreneurial Development Bank (FMO)

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